

Comprehensive Annual Financial Report City of Oak Ridge, Tennessee

**For the Fiscal Year Ended
June 30, 2015**



CITY OF OAK RIDGE, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

Prepared by
FINANCE DEPARTMENT

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CITY OF OAK RIDGE



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December 31, 2015

Honorable Mayor,
Members of the City Council and
Citizens of the City of Oak Ridge, Tennessee

The Comprehensive Annual Financial Report (CAFR) of the City of Oak Ridge, Tennessee, for the fiscal year ended June 30, 2015, is hereby submitted. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Oak Ridge. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Oak Ridge has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Oak Ridge's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Oak Ridge's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Oak Ridge's financial statements have been audited by Coulter & Justus, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Oak Ridge, for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Oak Ridge's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Oak Ridge was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City of Oak Ridge's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in section four of this report titled "Single Audit Report and Findings and Recommendations."

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Oak Ridge's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Oak Ridge

The City of Oak Ridge, incorporated on June 16, 1959, is located in the eastern part of the State, occupying the southern portion of Anderson County and an eastern portion of Roane County. The population of Oak Ridge according to the 2010 census is 29,330.

The City of Oak Ridge has a unique history. This area was selected by the United States government in 1942 as the location for its production plants for uranium 235, a component of the first atomic bomb. Constructed by the U.S. Corps of Engineers as part of the secret World War II "Manhattan Project", the early task of the plant was the separation of fissionable uranium-235 from the more stable uranium-238 by an electro-magnetic process. Some 80,000 workers were hired for emergency construction of the laboratories and offices in the then 56,000-acre site. The original townsite was built during World War II to house and furnish necessary facilities for the employees of the uranium plants. In 1955 Congress passed Public Law 22, which allowed the Atomic Energy Commission to sell the homes and land to the residents, and to give the City all municipal facilities if it voted to incorporate. Oak Ridge is approximately 92 square miles in area and includes the plant and facilities of the U.S. Department of Energy (DOE). Residential, commercial and municipal owned portions of the City make up nearly 30 square miles. The remaining area of the City is owned by the U.S. Department of Energy (DOE).

The City of Oak Ridge is empowered to levy a property tax on both real and personal property located within its boundaries. The City receives an annual in-lieu of tax payment from DOE on the acreage owned by the federal government, subject to annual congressional appropriation. The calculation is based on the land's usage prior to ownership by the federal government and is therefore valued as if it were residential farmland. Federal buildings located on this property are currently not subject to taxation by the City, with the exception of four newer facilities located at the Oak Ridge National Laboratory (ORNL) and the Y-12 complex.

The City is governed by a modified City Manager-Council form of government. The governing body of the City is a seven member City Council. Approximately, half of the City Council is elected on a non-partisan basis every two years for a four-year term of office. Following each regular City election, the City Council elects one of its members as mayor to serve for a two-year period as ceremonial head of the City and presiding officer of the City Council. Policy-making and legislative authority are vested in City Council. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, oversees the City's day-to-day operations, and appoints heads of the various departments.

The City provides a full range of services, which includes police and fire protection; electric, water and wastewater services; residential solid waste collection; the construction and maintenance of highways, streets and infrastructure; public library, recreational activities and cultural events. The Oak Ridge Schools operate under the City Charter and are considered part of the City and therefore, has been included as an integral part of the City of Oak Ridge's financial statements. In addition to general government activities, the City is financially accountable for the Convention and Visitors' Bureau whose activities are reported separately within the City of Oak Ridge's financial statements. Added in fiscal 2014, was the Oak Ridge Land Bank which was allowed for establishment under new state legislation sponsored by the City to reclaim unused, vacant and/or undesirable land for revitalization. Also included are the activities of the Oak Ridge Public Schools Education

Foundation, Inc. whose primary mission is to enhance, promote and support the City of Oak Ridge Schools. However, the Oak Ridge Housing Authority, Oak Ridge Utility District, Oak Ridge Industrial Development Board and the Oak Ridge Health and Educational Facilities Board have not met the established criteria for inclusion; and, accordingly, are excluded from this report.

The annual budget serves as the foundation for the City of Oak Ridge's financial planning and control. The budget preparation process begins in the late summer when City departments begin the preparation of six-year Capital Improvements Program (CIP) requests for submission to the Oak Ridge Municipal Planning Commission for review. The program identifies anticipated capital projects, establishes priorities and identifies the anticipated source of funding. The CIP, as modified and approved by the Planning Commission, is submitted for Council's consideration prior to budget deliberations.

After one or more council meetings devoted to guidance to the city manager with respect to the budget to be submitted, the City Manager submits to the council a proposed budget for the next fiscal year. As part of the budget preparation, the City Manager meets with City departments who outline requirements and challenges related to their departmental operating budgets. The Finance Department quantifies preliminary budget information, including revenue projections, for preparation of the City Manager's proposed budget. Prior to the first reading of the budget ordinance, the City Manager presents the proposed budget for the upcoming fiscal year to City Council at a work session or council meeting. The Board of Education also presents the School Funds budget prior to final reading of the budget ordinance which includes a request for appropriation of City funds to meet program obligations. Budget work sessions may be held with City Council during budget deliberations to provide a detailed review of the proposed operating and capital improvements budgets. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget and tax rate prior to the start of the City's fiscal year on July 1. However, if for any reason an appropriation ordinance is not adopted by July 1, the appropriations for the current year shall be carried forward for the next fiscal year until the adoption of the new appropriation ordinance occurs.

The budget is presented by fund, function (e.g., public safety), and department (e.g., police). The budget is legally appropriated at the fund level. Department heads may make transfers of appropriations within a department and the City Manager may make transfers of appropriations between departments. Transfers of appropriation between funds, however, require approval of City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and general purpose school fund, this comparison is presented on pages C-8 and C-9 as part of the basic financial statements for the governmental funds. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page E-4. The comparison for the capital projects and debt service funds are presented on pages E-25 and E-26, respectively.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Oak Ridge operates.

Local economy. The City of Oak Ridge currently enjoys a strong economic environment. Recently, the development pace has escalated, particularly in the retail sector. Oak Ridge has not been impacted as much as many areas in the country during the recent nationwide economic downturn due to the large presence of the federal government in Oak Ridge and the federal stimulus money awarded to those entities.

Located at Oak Ridge National Laboratory (ORNL), is the Spallation Neutron Source (SNS) accelerator project which was built by a partnership of six U.S. Department of Energy laboratories and provides the most intense pulsed neutron beams in the world for scientific research and industrial development. At full power, SNS will deliver 1.4 million watts (1.4 MW) of beam power onto the target. Scientists from around the world visit each year to study materials that will form the basis for new technologies in telecommunications, manufacturing, transportation, information, biotechnology and health. The complex includes the Joint Institute for Neutron Sciences, a 32,000 square-foot facility supporting users who come to Oak Ridge for experiments at the SNS and the High Flux Isotope Reactor and a guest house, providing an on-site hotel for scientists conducting experiments at the ORNL facilities.

In 2005, construction of a \$50 million private sector funded complex was completed at ORNL to house a supercomputer. This was the first privately owned facility to be located on the federal reservation on which the City received real property tax payments based on the appraised value of the building. With three similar type facilities completed at ORNL and the Y-12 complex, the construction of taxable facilities on federal property represents a significant revenue stream for the City. The City real property taxes on these facilities are nearly \$2,000,000 annually.

Phase I of the Science and Technology Park on the ORNL campus is complete and two buildings totaling 155,000 square feet are now occupied by more than 15 companies. Future development phases will enable the S&T Park to grow to nearly 30 acres and up to 350,000 square feet of offices and laboratories to help meet ORNL's goal of successful technology transfer and commercialization.

Design and site work is underway for the estimated \$6.5 billion Uranium Processing Facility (UPF) at the Y-12 Complex in Oak Ridge. The UPF is a multibillion dollar project that will take nearly ten years to complete. The project is already generating increased employment with at least 20 companies involved in design work and other preparations. The economic impact of construction is estimated at \$1.8 billion in goods and services, 2,400 jobs at peak and 8,000 supporting jobs in the surrounding area.

The Department of Energy (DOE) is funding a five-year project to design, license and help commercialize small, modular nuclear reactors (SMR's) in the US. DOE will fund up to half the cost of the \$450 million project under a cost-share agreement with Babcock & Wilcox (B & W), the lead company selected to implement it. The Tennessee Valley Authority and Bechtel are also partners. DOE says it expects Nuclear Regulatory Commission licensing and achievement of commercial operations by mid-2020's. TVA is preparing an application to the Nuclear Regulatory Commission to license for two or more B & W Power SMRs at its Clinch River site in Oak Ridge. This project will create a significant number of new jobs at the Clinch River site and at manufacturing and supplier facilities.

In 2015, CVMR announced they will invest \$313 million to establish its global headquarters in Oak Ridge and create the CVMR Centre of Excellence for Innovation in Powder Metallurgy and production facilities, resulting in 620 new jobs. The Oak Ridge facility will house CVMR USA's corporate headquarters, research and development, production of nano materials and metallurgical coating services, customer support, product development and planning for US production facilities. The CVMR Centre of Excellence for Innovation in Powder Metallurgy will collaborate with academic, industrial, government and businesses entities interested in the development of advanced materials and innovative technologies and focus on production of new metallurgical products that can benefit the metal industry.

Since 2013, there has been a significant upturn in economic activity in Oak Ridge. Multiple restaurants, a fuel/convenience center, and specialty grocery store have opened at newly constructed sites. A three-story, \$13.8 million 64,000 square-foot Health Sciences and Technology Building expansion to Roane State Community College's Oak Ridge campus was completed.

Completed is a 91-unit assisted living facility developed in partnership with Methodist Medical Center of Oak Ridge that is three stories and features 18 memory-care residences. Recently completed is Dogwood Manor, an independent living apartment complex for the low-to-moderate seniors. Just completed is the \$6 million renovation of the historic Alexander Inn into an assisted living facility by a private developer in partnership with Knox Heritage, a nonprofit organization dedicated to preserving historic properties and a grant from the Department of Energy.

A 123,000 square-foot Kroger Marketplace opened at the end of June 2014. The site also contains a 12,000 square-foot strip center and 5 additional outparcels still under development. Across the street another 12,000 square-foot strip center was just completed. UT Arboretum, a 250 acre research and education facility that has over 2,500 native and exotic woody plant specimens, has just completed construction of a new meeting facility.

Closure of the sale of the Oak Ridge Mall site is expected in early January 2016. This sale of the Mall site will be a major economic development accomplishment that will allow for redevelopment of the underutilized 65 acre site located in the center of Oak Ridge. It is anticipated that demolition of the current mall and redevelopment of the site development will begin in January 2016. Plans currently call for a retail and mixed-use development. Some new retail stores are anticipated to be open for holiday shopping in late 2016.

New housing construction is slowly recovering from the nationwide downturn in 2008. New residential subdivisions approved within the past ten years where construction is ongoing include Crossroads at Wolf Creek, a 73-acre site on which 102 single-family and 76 multi-family dwelling units is substantially developed out and a clubhouse has been completed at this site. Groves Park Commons, the most recently approved development utilizing traditional neighborhood design is underway. When complete the development will have approximately 355 dwelling units, with surrounding open space areas and a small neighborhood commercial area. Clark's Preserve is under development with 38 lots.

U.S. Department of Energy. During fiscal 2008, the City entered into a contract with the U.S. Department of Energy to provide services to areas previously served by federal contractors. The City entered into an agreement with DOE, through their site contractor, to assume fire and emergency medical response duties for the federal East Tennessee Technology Park (ETTP) site. Under the agreement with DOE, through its contractor the City received over \$10,000,000 in funding over the first four-year period of the agreement. On October 1, 2007, DOE transferred 2.23 acres of land, the ETTP fire station and firefighting and ambulance vehicles and equipment to the City to operate this facility. The City added an additional 28 employees to man this station, which will also serve the west end of Oak Ridge. The West End Fund, a special revenue fund, was established by the City to account for the operations of the ETTP fire station. The City received \$2,540,004 under this contract in fiscal 2015. The contract was renewed for an additional four years through September 30, 2019.

The City receives an annual in-lieu tax (PILOT) payment from DOE, which was \$1,659,520 in fiscal 2015. DOE's PILOT payment to the City is based on the number of acres on the federal reservation (approximately 32,869 acres) at a per acre appraisal approved by DOE at the City's property tax rate. In accordance with the Atomic Energy Commission Act, the land value is assessed based on the original usage of the property, which was residential farmland when DOE purchased the land for the WWII effort, rather than the current use of the property. The residential property tax assessment rate of 25% is therefore used, rather than the 40% rate that would normally apply to commercial/industrial properties. DOE's remittance is also contingent on the annual federal appropriation of this payment.

DOE is also a major water and wastewater customer with over 50% of the City's annual water plant production being used by DOE facilities.

Long-term financial planning

A major focus at this time is the water and wastewater infrastructure systems. The City is continuing its improvement to the wastewater collection system and wastewater lift station rehabilitation and replacement. The City began the project in 1997 to upgrade, expand and rehabilitate the wastewater treatment plant and wastewater collection system. The upgrades and expansion to the wastewater treatment plant increased capacity from 6 mgd to 9 mgd, a 33% increase in capacity to service new customers and construction of a new wastewater plant at the Rarity Ridge development site.

On September 27, 2010, the City received an administrative order (AO) from the United States Environmental Protection Agency (EPA). The City was found to be in violation of Section 301 of the Clean Water Act (CWA), 33 U.S.C. Section 1311. The City was given a timetable and actions to be made to remedy the violations. The City's approved mediation plan projected costs of \$23,090,000 for wastewater capital projects. In September 2015, the City received a "closure letter" from EPA stating the AO had been fulfilled.

Upgrades and improvements are also planned to the water system. The City has projected to spend over \$16,000,000 in water capital improvements, particularly to the water treatment plant and raw water intake system, over the next six years.

Water and wastewater capital improvements will be funded through the issuance of long-term debt. On September 29, 2011, the City issued \$9,810,000 in bonds to fund the first phase of these improvements and an additional \$5,000,000 loan was closed in December 2012. In late June 2013, the City was approved for two low-interest rate loans totaling \$18,000,000 from the Tennessee State Revolving Fund (SRF) Loan program. The SRF loans include a \$400,000 principal forgiveness. In May 2014, the City was approved for an additional \$3,000,000 loan to provide funding to complete the capital improvement projects required to meet the AO. As part of an overall debt refunding and restructuring in August 2013, the City received \$3,585,000 in new debt proceeds to fund water and wastewater projects.

Significant rate increases have been adopted for both water and wastewater rates with the first phase effective May 1, 2012 and the second phase effective January 1, 2013. A new water and wastewater rate review was conducted in the summer 2013 which resulted in the adoption of rate increases effective January 1, 2014 and January 2015. Annual rate increases for both water and wastewater services are anticipated to occur through 2019 with a 6% increase for both water and wastewater rates projected for 2016.

City revenues from local sales and use tax collections were unusually high in fiscals 2010 and 2011 due to expenditures by federal contractors from stimulus grant awards. As federal funding to local contractors from stimulus awards diminished, the City has experienced a decline in local sales and use tax collections that continued into fiscal 2015. Overall, local sales and use tax collections are budgeted to increase 1% in fiscal 2016 over actual 2015 levels due to recent retail developments.

The City has also embarked on a new program "Not in Our City" to deal with housing and housing related issues, particularly in the legacy WWII neighborhoods, making Oak Ridge a better place to live and invest. The Oak Ridge Land Bank was established as a part of the program.

In December 2015, the City issued \$18,585,000 in General Obligation Refunding Bonds in two bond series. The issuance refunded the City's outstanding Series B-9-A and B-11-A Bonds which were used to fund the renovation of the Oak Ridge High School. The refunding's resulted in an economic gain of \$4,401,229 and a reduction of \$6,571,871 in future debt service payments.

Awards and Acknowledgements

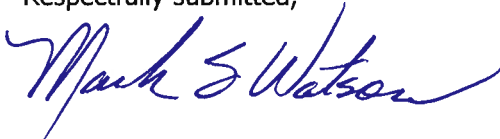
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This is the fifty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past thirty-one consecutive years. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Preparation of this report was accomplished through the dedicated services of the Finance Department. We express our appreciation to all who contributed to its preparation. Credit also must be given to the governing City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Oak Ridge's finances.

Respectfully submitted,



Mark S. Watson
City Manager



Janice E. McGinnis
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Oak Ridge
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

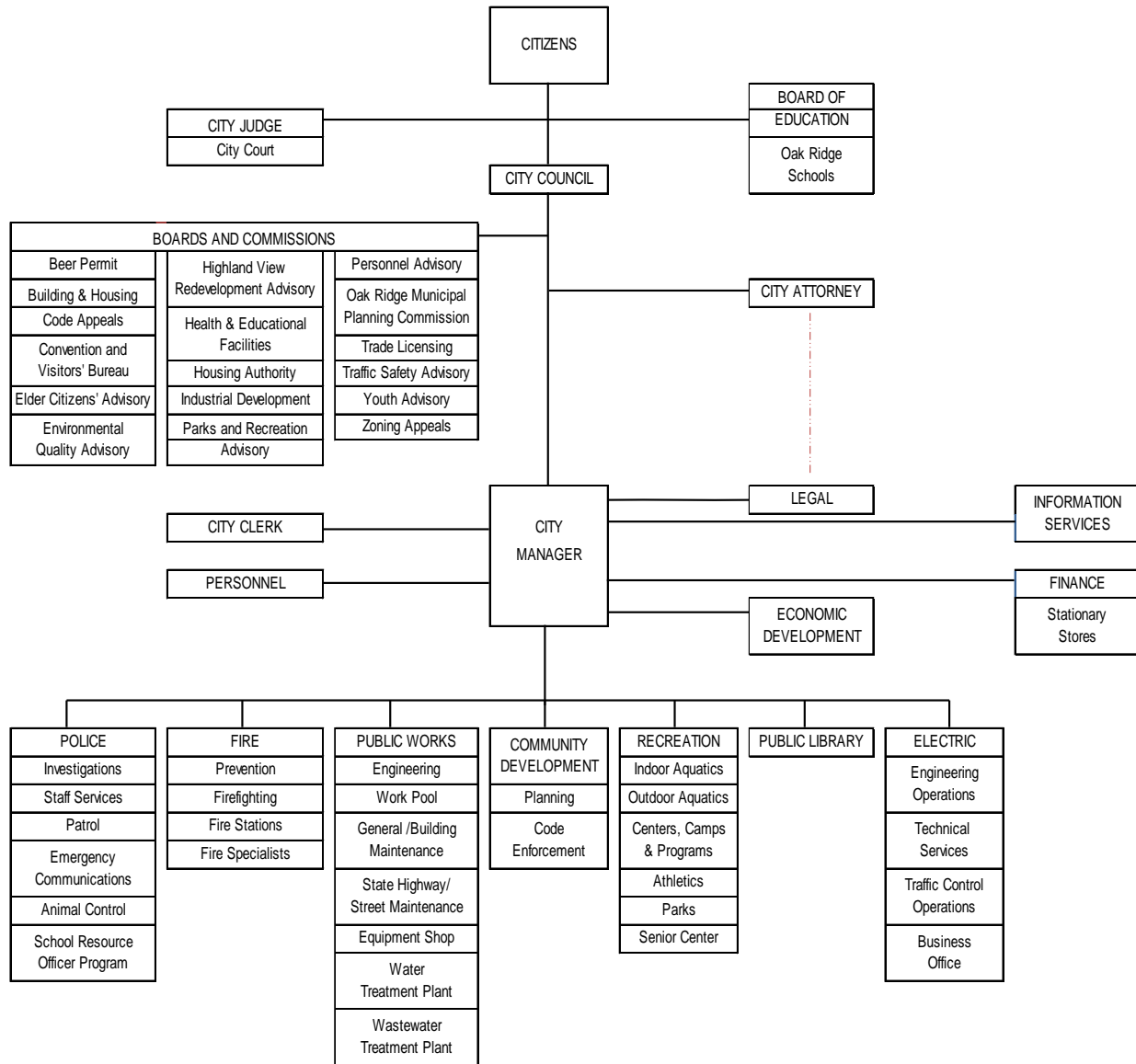
June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is fluid and cursive.

Executive Director/CEO

Organizational Chart

City of Oak Ridge, Tennessee



CITY OF OAK RIDGE, TENNESSEE

CITY OFFICIALS

Mayor

Warren L. Gooch

Members of City Council

Trina Baughn
Rick Chinn, Jr.
Charles J. Hope, Jr.

Kelly Callison
L. Charles Hensley
Ellen Smith

City Manager

Mark S. Watson

Department Directors

Kathryn Baldwin
Jack L. Suggs
Janice E. McGinnis
R. Darryl Kerley
Kathy McNeilly
Jon Hetrick
Penelope H. Sissom
James T. Akagi
Gary M. Cinder

Community Development Director
Electrical Director
Finance Director
Fire Chief
Library Director
Parks & Recreation Director
Personnel Director
Police Chief
Public Works Director

City Attorney

Kenneth R. Krushenski

City Judge

Robert A. McNees III

City Clerk

Diana Stanley

Board of Education

Keys Fillauer, Chairman
Robert Eby, Vice-Chair
Jennifer Richter, Parliamentarian
Angi Agle, Treasurer
Paige Marshall
Laura McLean

Superintendent of Schools

Bruce Borchers, Ed.D

Assistant Superintendent of Schools

TBD



Report of Independent Auditors

Members of the City Council
City of Oak Ridge, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Oak Ridge, Tennessee (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the General Purpose School Fund, the School Federal Projects Fund, the Other Education Special Revenue Fund, the Extended School Program Fund, the Central Cafeteria Fund, or the School Equipment Replacement Fund, which represent 41% of assets, (33%) of net position, and 44% of revenues of the governmental activities of the City. We did not audit the financial statements of the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit, which represents 92% of both the assets and net position of the aggregate discretely presented component units. We did not audit the financial statements of the Scholarship Fund or the Internal School Funds, which represent 100% of the assets and net position of the fiduciary funds of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for those funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Members of the City Council
City of Oak Ridge, Tennessee

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, *Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages B-1 through B-12 and the required supplementary information on pages D-1 through D-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Members of the City Council
City of Oak Ridge, Tennessee

Other Matters (continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of federal and state financial assistance activity is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information section and the schedule of federal and state financial assistance activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed and described above and the report of the other auditors, the other supplementary information section and the schedule of federal and state financial assistance activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Coulter & Justus, P.C.

Knoxville, Tennessee
December 31, 2015

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

As management of the City of Oak Ridge, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

Financial Highlights

- The assets of the City of Oak Ridge exceeded its liabilities at the close of the most recent fiscal year by \$142,633,785 (*net position*). Of this amount, \$13,879,553 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net position decreased by \$10,148,464 (6.64%) compared to last fiscal year's ending net position. In fiscal 2015, the City adopted Statement No. 68 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Pensions*. The decrease in net position from the adoption of this Statement resulted in an \$18,861,866 reduction in the beginning Net Position from that previously reported at the end of fiscal 2014. Changes in Net Position, excluding the adoption of GASB Statement No. 68, are related to investment in capital assets and current. The City of Oak Ridge's changes in net position are detailed on page B-6 of this report.
- Total revenues increased \$155,059 compared with the prior fiscal year, comprised of a \$379,510 reduction in revenues in governmental activities and a \$534,569 increase in business type activities. The comparative reduction in governmental activities revenue is primarily due to charges for services, which declined \$908,080 due to the elimination of the issuance of traffic citations from photo enforcement cameras. Changes in business-type activities revenue include an increase of \$818,547 in charges for service primarily from electric, water and wastewater rate increases during fiscal 2015.
- The City's property tax rate remained at the fiscal 2014 rate of \$2.39 per \$100 of assessed valuation. Electric rates increased 1.2% in October 2014 to pass-through a wholesale power increase by TVA and water and wastewater rates increased 8% and 10%, respectively, in January 2015.
- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$29,294,652, a decrease of \$1,451,609 in comparison with the prior year. The fund balance reductions include \$427,321 in the Golf Course Fund due to a decline in revenue related to weather and other factors and planned reductions of \$450,768 in the State Street Aid Fund for street resurfacing projects and \$636,845 in the Debt Service Fund related to the usage of accumulated reserves to fund debt service on debt previously issued for the Oak Ridge High School renovation project.
- At the end of fiscal year 2015, three Special Revenue Funds, nonmajor governmental funds, were closed. The Special Programs Fund accounted for the proceeds from the issuance of traffic citations from photo enforcement cameras. The contract for usage of the cameras ended in late 2014. The remaining \$903,819 in the Special Programs Fund was transferred to the Capital Projects Fund at the end of fiscal 2015. The Street and Public Transportation and Grant Funds accounted for the revenues and corresponding expenditures from state and federal grant awards. It was determined the activities in these funds could be accounted for in the General Fund. At the end of fiscal 2015, the remaining \$144,939 in the Street and Public Transportation Fund and the \$112,877 in the Grant Fund were transferred to the General Fund.

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,026,420, or 35.3% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$19,467,238 in the City's general fund.
- At June 30, 2015, the General Fund had a nonspendable fund balance of \$1,389,905. This includes a \$1,190,477 long-term note receivable from the City's Waterworks Fund.
- At the end of the current fiscal year, the General Purpose School Fund had an assigned fund balance of \$5,886,330. This is 12.2% of expenditures for fiscal 2015.
- Overall, the City's total debt decreased by \$325,580 (.19%) during the current fiscal year. The City entered into a capital lease agreement for \$964,291 for two fire pumper trucks and wastewater debt increased \$6,662,797 related to draws on previously authorized State Revolving Fund Loan (SRF) program loans. At year-end there was \$10,768,826 remaining available for draw on SRF approved loans for wastewater capital projects.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Oak Ridge's basic financial statements. The City of Oak Ridge's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements, and 4) single audit report and findings and recommendations. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Oak Ridge's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the City of Oak Ridge's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Oak Ridge is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Oak Ridge that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Oak Ridge include general government, public safety, highways and streets, residential solid waste collection, economic development, culture and recreation. The business-type activities of the City of Oak Ridge include electric distribution operation, water and wastewater treatment, distribution and collection and operation of an Emergency Communications District.

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The government-wide financial statements include not only the City of Oak Ridge itself (known as the *primary government*) and the operations of the Oak Ridge Schools, but also the legally separate Convention and Visitors Bureau and the Oak Ridge Land Bank for which the City of Oak Ridge is financially accountable and the Oak Ridge Public Schools Education Foundation, Inc. whose main purpose is to provide financial support to the schools. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages C-1 through C-3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Oak Ridge, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Oak Ridge can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Oak Ridge maintained fifteen individual governmental funds during fiscal 2015. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, general purpose school fund, capital projects fund and debt service fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* as other supplementary information.

The City of Oak Ridge adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages C-4 through C-9 of this report.

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Proprietary funds. The City of Oak Ridge maintains two different types of proprietary funds: enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Oak Ridge uses enterprise funds to account for its electric, water and wastewater, and emergency communications district operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Oak Ridge's various functions. The City uses internal service funds to account for its City and School fleet of vehicles and insurance and benefit functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution operation, water and wastewater treatment, collection and distribution, both of which are considered to be major funds of the City of Oak Ridge, and emergency communication. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* as other supplementary information.

The basic proprietary fund financial statements can be found on pages C-10 through C-13 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Oak Ridge's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages C-14 and C-15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages C-16 through C-78 of this report.

Other information. The *required supplementary information* presented on pages D-1 through D-5 pertains to the City of Oak Ridge's and the School's progress in funding their obligation to provide pension and other post employment benefits to their employees. Additional schedules regarding the City and Schools pension liability have been added in fiscal 2015 due to the City's adoption of Statement No. 68 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Pensions*.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages E-1 through E-26 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Oak Ridge, assets exceeded liabilities by \$142,633,785 at the close of the most recent fiscal year.

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

By far the largest portion of the City of Oak Ridge's net position (89.4%) reflects its net investment in capital assets (e.g., land, building, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Oak Ridge uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Oak Ridge's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (0.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$13,879,553 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Oak Ridge is able to report positive balances in all three categories of net position for both the government as a whole, as well as for its separate governmental and business-type activities.

Net Position

	Governmental activities		Business-type activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Current and other assets	\$ 62,922,460	\$ 64,351,437	\$ 25,355,042	\$ 25,615,289	\$ 88,277,502	\$ 89,966,726
Capital assets	129,994,230	132,467,246	164,972,144	153,794,896	294,966,374	286,262,142
Total assets	192,916,690	196,818,683	190,327,186	179,410,185	383,243,876	376,228,868
Deferred outflows of resources	5,337,844	-	1,038,794	-	6,376,638	-
Long-term liabilities outstanding	102,726,864	101,762,816	80,743,590	74,832,696	183,470,454	176,595,512
Other liabilities	7,718,464	7,951,520	14,644,564	13,101,808	22,363,028	21,053,328
Total liabilities	110,445,328	109,714,336	95,388,154	87,934,504	205,833,482	197,648,840
Deferred inflows of resources	38,519,506	24,776,397	2,633,741	1,021,382	41,153,247	25,797,779
Net position:						
Net investment in capital assets	41,105,838	37,380,405	86,340,385	78,797,599	127,446,223	116,178,004
Restricted	1,308,009	1,715,972	-	-	1,308,009	1,715,972
Unrestricted	6,875,853	23,231,573	7,003,700	11,656,700	13,879,553	34,888,273
Total net position	\$ 49,289,700	\$ 62,327,950	\$ 93,344,085	\$ 90,454,299	\$142,633,785	\$152,782,249

Governmental activities. Governmental activities increased the City of Oak Ridge's net position by \$2,535,374. Adoption of GASB Statement No. 68 resulted in an additional \$15,573,624 reduction in the beginning Net Position from that previously reported at the end of fiscal 2014. Total revenues decreased \$817,767 from the prior fiscal year. Revenues from charges for services decreased \$908,080, operating grants and contributions decreased \$684,235. Capital grants and contributions increased \$846,244. Property tax collections increased \$118,368. Other taxes increased \$219,297, primarily in state-shared tax collections. Miscellaneous revenues and investment earnings increased \$28,896 in comparison to the prior year. Governmental activities expenditures decreased \$4,260,338 from the prior fiscal year. The reductions were primarily in expenditures for education of \$3,568,064, expenditures for public safety of \$641,402 and general government expenditures of \$403,095.

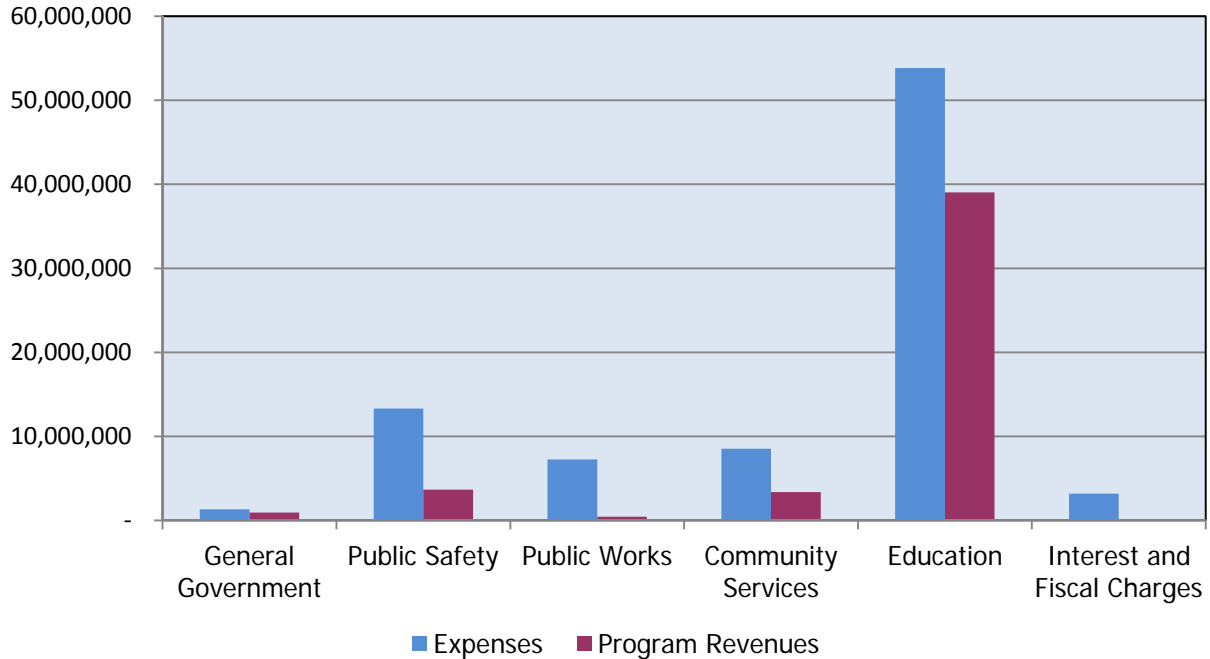
CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Changes in Net Position

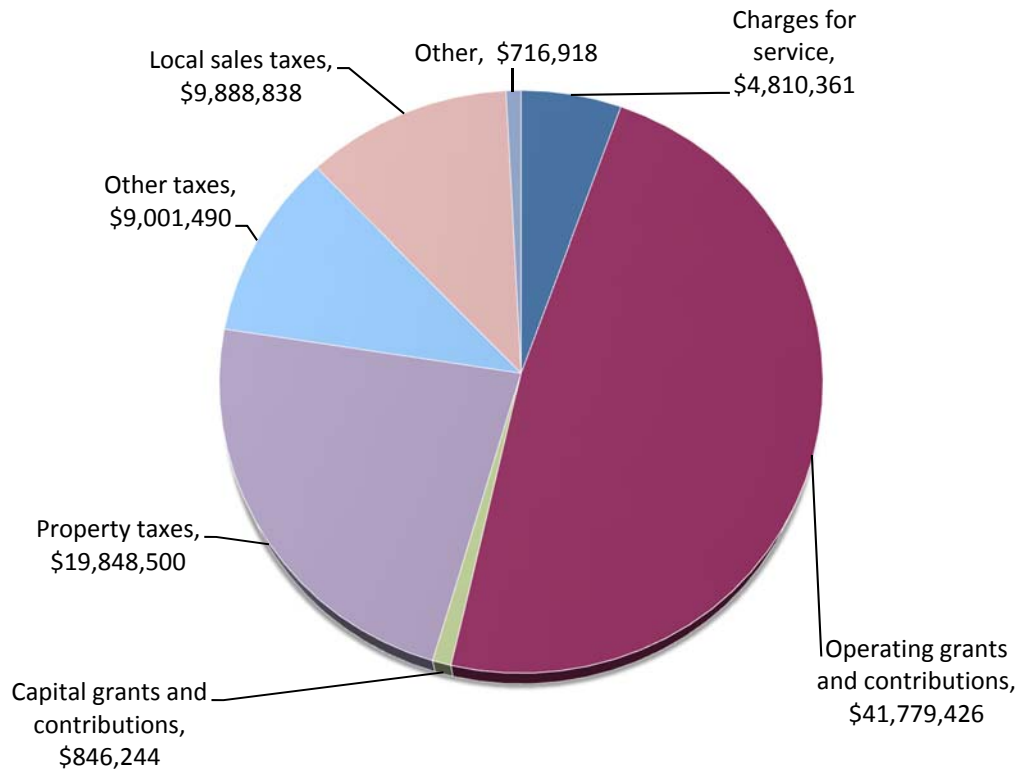
	Governmental activities		Business-type activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Revenues:						
Program revenues:						
Charges for service	\$ 4,810,361	\$ 5,718,441	\$ 76,694,128	\$ 75,875,581	\$ 81,504,489	\$ 81,594,022
Operating grants and contributions	41,779,426	42,463,661	171,097	692,522	41,950,523	43,156,183
Capital grants and contributions	846,244	-	695,198	138,929	1,541,442	138,929
General revenues:						
Property taxes	19,848,500	19,730,132	-	-	19,848,500	19,730,132
Other taxes	18,890,328	18,671,031	-	-	18,890,328	18,671,031
Other	716,918	688,022	1,107,853	1,426,675	1,824,771	2,114,697
Total Revenues	<u>86,891,777</u>	<u>87,271,287</u>	<u>78,668,276</u>	<u>78,133,707</u>	<u>165,560,053</u>	<u>165,404,994</u>
Expenses:						
General government	1,319,757	1,722,852	-	-	1,319,757	1,722,852
Public safety	13,311,097	13,952,499	-	-	13,311,097	13,952,499
Public works	7,255,705	6,837,541	-	-	7,255,705	6,837,541
Community services	8,525,602	8,505,463	-	-	8,525,602	8,505,463
Education	53,833,767	57,401,831	-	-	53,833,767	57,401,831
Interest and fiscal charges	3,192,241	3,278,321	-	-	3,192,241	3,278,321
Electric	-	-	52,334,630	52,872,689	52,334,630	52,872,689
Waterworks	-	-	16,501,948	17,063,502	16,501,948	17,063,502
Emergency communication district	-	-	571,904	533,174	571,904	533,174
Total expenses	<u>87,438,169</u>	<u>91,698,507</u>	<u>69,408,482</u>	<u>70,469,365</u>	<u>156,846,651</u>	<u>162,167,872</u>
Increase (decrease) in net position before transfer	(546,392)	(4,427,220)	9,259,794	7,664,342	8,713,402	3,237,122
Transfers	<u>3,081,766</u>	<u>3,012,318</u>	<u>(3,081,766)</u>	<u>(3,012,318)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	2,535,374	(1,414,902)	6,178,028	4,652,024	8,713,402	3,237,122
Net position, beginning of period, as previously reported	62,327,950	63,742,852	90,454,299	85,802,275	152,782,249	149,545,127
Prior period restatement	<u>(15,573,624)</u>	<u>-</u>	<u>(3,288,242)</u>	<u>-</u>	<u>(18,861,866)</u>	<u>-</u>
Net position, beginning of period, as restated	<u>46,754,326</u>	<u>63,742,852</u>	<u>87,166,057</u>	<u>85,802,275</u>	<u>133,920,383</u>	<u>149,545,127</u>
Net position, end of period	<u>\$ 49,289,700</u>	<u>\$ 62,327,950</u>	<u>\$ 93,344,085</u>	<u>\$ 90,454,299</u>	<u>\$ 142,633,785</u>	<u>\$ 152,782,249</u>

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Expenses and Program Revenues - Governmental Activities



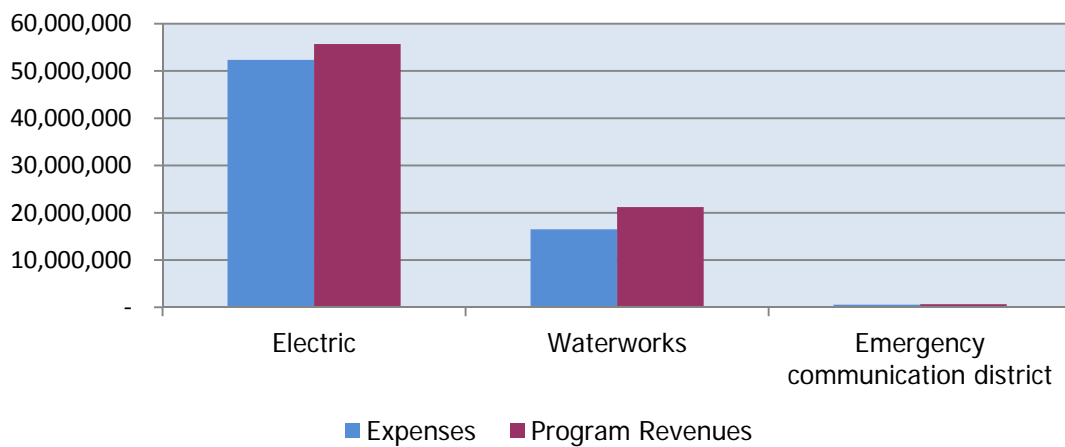
Revenues by Source - Governmental Activities



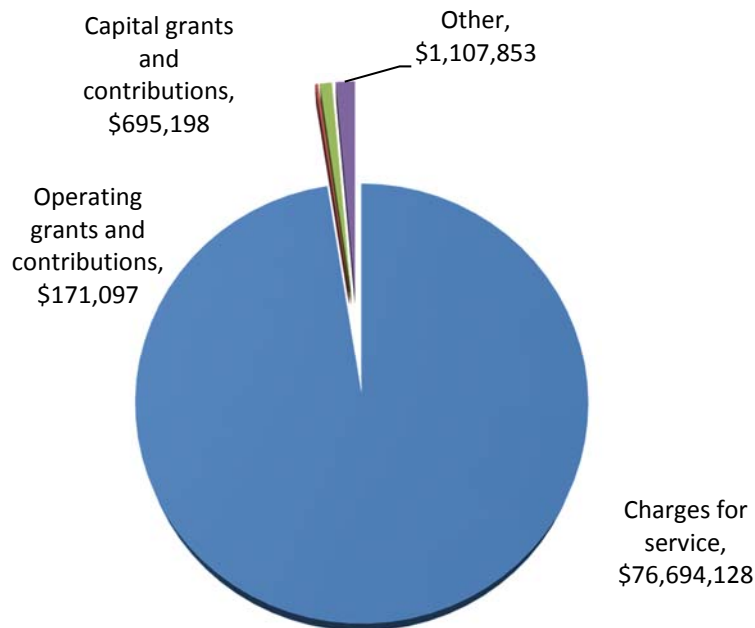
CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Business-type activities. Business-type activities increased the City of Oak Ridge's net position by \$6,178,028. Adoption of GASB Statement No. 68 resulted in an additional \$3,288,242 reduction in the beginning Net Position from that previously reported at the end of fiscal 2014. Total revenues increased \$534,569 in a comparison to the prior year. Charges for services increased \$818,547, primarily due to increases in electric and waterworks rates during fiscal 2015. This was offset by a \$521,425 reduction in operating grants and contributions resulting from a state grant the city received in the Emergency Communications District Fund in fiscal 2014. Capital grants and contributions increased \$556,269 due to higher capital asset contributions by private developers and federal grants. Total expenditures declined \$1,060,883 from the prior fiscal year, with reductions of \$538,059 in Electric and \$561,554 in Waterworks expenditures.

Expenses and Program Revenues - Business-type Activities



Revenues by Source – Business-type Activities



CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The net position of the electric fund increased by \$1,483,500 from the prior fiscal year. Adoption of GASB Statement No. 68 resulted in a \$1,364,942 reduction in the beginning net position from that previously reported at the end of fiscal 2014. The City of Oak Ridge is a distributor of electrical power that is purchased from the Tennessee Valley Authority (TVA) and then transmitted and sold by the City to its residential and commercial customers. In October 2006, TVA began adjusting the wholesale power costs to the City for a fuel cost adjustment (FCA). These FCA cost adjustments are passed through in electric rate adjustments to the City's customers each month and can fluctuate the City's electric rates either up or down. In October 2014, Electric rates increased 1.2% to pass-through an increase in wholesale power costs to the City by TVA.

The net position of the waterworks fund increased by \$1,323,322 from fiscal 2014. Adoption of GASB Statement No. 68 resulted in a \$1,923,300 reduction in the beginning net position from that previously reported at the end of fiscal 2014. The increase is from a series of water and wastewater rate increases that have occurred since 2012 to fund debt related to capital needs for the water and wastewater infrastructure. Rate increases in water of 8% and wastewater of 10% were effective January 1, 2014

Financial Analysis of the Government's Funds

As noted earlier, the City of Oak Ridge uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Oak Ridge's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Oak Ridge's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$29,294,652, a decrease of \$1,451,609 in comparison to the prior year. Of this amount, \$1,620,152 is nonspendable and is comprised of a \$1,190,477 long-term interfund note receivable, inventory and prepaid items. \$8,510,637 is restricted with externally enforceable limitations on use, \$13,901 is committed, \$11,123,542 is assigned as designated usage and \$8,026,420 is unassigned.

The general fund is the chief operating fund of the City of Oak Ridge. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$8,026,420, while total fund balance was \$9,416,325. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 35.3% of total general fund expenditures. However, unassigned fund balance only represents 19.0% when compared to total fund expenditures and transfers to other funds (e.g. school and debt service funds).

The fund balance of the City of Oak Ridge's general fund decreased by \$57,385 during the current fiscal year. The general fund had a budgeted fund balance decrease of \$304,751. Revenues were \$497,374 below budget, primarily due to lower than budgeted sales and property tax collections, particularly sales (use) tax collections from federal sites in the Roane County portion of Oak Ridge. Expenditures were \$589,300 below budget, primarily due to retirements and employee turnover and an overall planned reduction in expenditures to match lower than expected revenues.

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

There were budgetary amendments to reduce the legal expenditure appropriation of the various School Funds during fiscal 2015 of \$6,751,430 and to increase the appropriation of the West End Fund by \$132,412. The decrease in the budget for the School Funds was primarily related to a funding request by the Schools from the City not being approved by City Council due to the tax rate impact. The budgeted increase in the West End Fund was to allow additional expenditures that will be funded through a federal contractual agreement.

The debt service fund has a total fund balance of \$9,461,652, of which \$7,196,838 is restricted to debt service on Oak Ridge High School debt issuances and \$2,264,814 is assigned for the payment of debt service. The net decrease in fund balance of the debt service fund during the current year was \$636,845 due to the planned use of restricted reserves to fund debt service.

The capital projects fund has a total fund balance of \$2,515,731. The net increase in fund balance during the year was \$817,843 which resulted from the delay of planned capital expenditures until fiscal 2016.

Proprietary funds. The City of Oak Ridge's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$1,977,832 for the electric fund, \$4,011,407 for the waterworks fund, and \$1,014,461 for the emergency communications district fund. Unrestricted net position decreased \$1,336,612 in the electric fund and \$3,328,165 in the waterworks, primarily from change in accounting method for pensions. The unrestricted net position of the emergency communications district fund increased by \$11,777.

Capital Asset and Debt Administration

Capital assets. The City of Oak Ridge's investment in capital assets for its governmental and business type activities as of June 30, 2015, amounts to \$294,966,374 (net of accumulated depreciation), which is a \$8,704,232 increase over last fiscal year. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, construction in progress and infrastructure.

City of Oak Ridge's Capital Assets

	Governmental activities		Business-type activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Land	\$ 3,359,822	\$ 3,221,245	\$ 880,193	\$ 880,193	\$ 4,240,015	\$ 4,101,438
Construction in progress	29,373	538,312	4,280,000	4,207,900	4,309,373	4,746,212
Buildings	77,873,929	80,838,680	-	-	77,873,929	80,838,680
Improvements	7,482,595	7,092,347	-	-	7,482,595	7,092,347
Infrastructure	29,508,338	30,017,951	-	-	29,508,338	30,017,951
Equipment	11,740,173	10,758,711	3,324,280	3,354,707	15,064,453	14,113,418
Electric Plant	-	-	50,133,129	49,002,621	50,133,129	49,002,621
Waterworks Plant	-	-	106,354,542	96,349,475	106,354,542	96,349,475
Total	<u>\$129,994,230</u>	<u>\$132,467,246</u>	<u>\$164,972,144</u>	<u>\$ 153,794,896</u>	<u>\$294,966,374</u>	<u>\$286,262,142</u>

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Capital asset activities totals decreased \$2,473,016 in governmental activities due to depreciation and increased \$11,177,248 in business-type activities in 2015. Major capital asset events during the current fiscal year included the following:

- Community services and development activities added \$686,672; \$427,777 for lighting improvements to the Civic Center and Library, partially funded by a TN Clean Energy Grant; \$248,000 funded by federal grants for efforts in the City's "Not In Our City" program for the purchase of blighted properties for demolition and revitalization; and \$10,895 to complete a City Dog Park funded by private donations.
- Public safety added \$1,867,848, which included the purchase of 3 new fire pumper trucks at \$1,454,660, \$180,225 for the purchase of police vehicles, \$144,043 for police software, and \$88,920 for miscellaneous equipment.
- General government added \$40,834 primarily for computer hardware and audio and video equipment upgrades in the court room.
- Public works activities added \$1,238,198 in capital assets, which included \$575,375 in the largely grant funded Jackson Square Revitalization project, \$26,525 in lighting upgrades in the Municipal Building, \$541,433 in donated infrastructure, and \$94,865 in miscellaneous equipment and infrastructure.
- Educational activities increased \$462,101, and included \$29,373 in construction in process at year end.
- Business-type activities added \$18,475,649 in capital assets. \$3,677,196 in electrical capital assets was added, primarily for routine replacement of overhead and underground distribution systems. \$14,667,516 in waterworks capital assets was added, which included \$1,933,719 in water improvements and \$12,733,797 in wastewater improvements. Wastewater capital projects included those required to meet the Administrative Order by the Environmental Protection Agency (EAP). The above includes \$329,058 in donated water and wastewater assets during the fiscal year. \$130,937 was added in the emergency communications capital, primarily to upgrade the City's 911 dispatch center.

Additional information on the City of Oak Ridge's capital assets can be found in Note 13 on pages C-53 and C-54 of this report.

Long-term debt. At the end of the current fiscal year, the City of Oak Ridge had total long-term debt outstanding of \$167,520,150. Of this amount, \$88,888,391 comprises debt backed solely by the full faith and credit of the City. \$77,671,759 in long-term debt is secured by specified revenue sources (electric and waterworks debt); however, in the event of default, the full faith and credit of the City are irrevocably pledged. The \$960,000 in remaining debt is backed by the income and revenues from the operation of the electric power distribution system.

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
General obligation and Revenue bonds	\$ 31,635,133	\$ 35,092,745	\$49,240,426	\$51,296,399	\$ 80,875,559	\$ 86,389,144
Qualified Zone Academy Bonds (QZAB)	3,056,510	3,565,929	-	-	3,056,510	3,565,929
Long-term notes and loans	53,180,053	53,658,053	29,110,665	23,289,801	82,290,718	76,947,854
Capital leases	1,016,695	531,707	280,668	411,096	1,297,363	942,803
Total	<u>\$ 88,888,391</u>	<u>\$ 92,848,434</u>	<u>\$78,631,759</u>	<u>\$74,997,296</u>	<u>\$167,520,150</u>	<u>\$167,845,730</u>

The City of Oak Ridge's total debt decreased by \$325,580 (0.19%) during the current fiscal year.

During fiscal 2014, the City entered into a \$964,291 lease agreement for the purchase of two fire pumper trucks which were delivered to the City in August 2014. Terms of the lease agreement call for annual lease payments of \$98,937 from November 2014 to November 2025. Interest is at 3.35%

Effective November 1, 2010, the waterworks fund entered into a \$5,000,000 interfund loan with the General Fund. Under Tennessee State Law, this is in the form of a capital outlay note issuance by the waterworks fund. The note will be repaid over a 6 year period. The balance at June 30, 2015 was \$1,190,477.

On December 26, 2012, the city closed on a \$5,000,000 draw loan through the Tennessee Municipal Bond Fund to fund water and wastewater capital improvements. During fiscal 2015, the City drew the final remaining available amount on the loan of \$352,825.

In late June 2013, the City was approved for an \$18,000,000 loan through the State Revolving Fund Loan Program (SRF). In May 2014, the City was approved for an additional \$3,000,000 SRF Loan. Loan proceeds will be used for wastewater capital projects that are required under the EPA Administrative Order. The principal balance of these loans was \$10,021,740 at June 30, 2015, leaving \$10,768,826 available to draw. There is an available \$400,000 principal forgiveness on the one of the SRF loans, of which \$188,664 has been utilized.

On August 15, 2013, the City issued \$23,205,000 in General Obligation Bonds, Series 2013 which refunded \$19,881,973 in outstanding debt, including the outstanding Series 2003 General Obligation Bonds and the outstanding 1997, 1998 and 2002 State Revolving Fund (SRF) Loans. The issue also provided an approximate \$3,000,000 in additional funding for sewer projects and \$600,000 for water projects. There was \$1,907,268 in available unspent bond proceeds at the end of fiscal 2015.

The City has \$25,675,000 in outstanding debt for which the City has entered into an interest rate swap agreement. Under terms of the swap agreements, the city effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due to the bondholders and the variable rate received from the counterparty. For additional information regarding these swaps refer to Note 15.

Additional information on the City of Oak Ridge's long-term debt can be found in Note 14 on pages C-55 through C-67 of this report.

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The City of Oak Ridge currently maintains an "Aa2" from Moody's and an "AA+" rating from Standard & Poor's for general obligation debt. State statutes do not limit the amount of general obligation debt a governmental entity may issue. The City's bond rating from Standard & Poor's was upgraded from a "AA" to an "AA+" in November 2015.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Oak Ridge in census year 2010 was 8.2%. Data for Oak Ridge is only available in census years. Oak Ridge's unemployment rate has historically been well below that of Anderson County, State and national levels.
- Tax year 2015, which funds the City's fiscal 2016, was the standard reappraisal year for property tax purposes for property located in both the Anderson and Roane County portions of Oak Ridge. As a result of the reappraisal, overall assessed property values declined. The last reappraisal was for tax year 2010. The Tennessee State Board of Equalization has "certified" the City's 2015 tax year property tax rate at \$2.52 per \$100 of assessed valuation. This is a 13-cent increase over the \$2.39 tax rate for the 2014 tax year. The State certified property tax rate of \$2.52 was adopted by City Council for the 2015 tax year. Due to reappraisal delays in the Roane County Property Assessor's Office, the City did not complete the adoption process for the fiscal 2016 budget and 2015 tax rate until August 2015. The property tax collection period was delayed from the normal July – August time frame to the September – October time frame for tax year 2015. A few large appraisal appeals are still ongoing at the State appeal Board level.
- Since 2013, the City has experienced a resurgence in retail growth within the City. The largest impact was from the construction of a 123,000 square-foot Kroger Marketplace which opened at the very end of June 2014. The site also contains a 12,000 square-foot strip center and 5 outparcels which are still under development. Numerous restaurants, specialty grocery and other chain-type retail have opened during this period. The redevelopment of the 65 acre Oak Ridge mall site into the Main Street development is slated to begin in early calendar 2016. Construction of some of the retail sites is expected to be completed to allow holiday shopping in late 2016.
- Local sales and use tax collections accounted for in the General Fund were down \$331,863 in fiscal 2015 compared to the prior fiscal year. Retail sales tax collections were up; however, overall collections were negatively impacted due to reduced spending by the federal contractors located within Oak Ridge. Fiscal 2016 sales and use tax collections are budgeted to be up 1% or \$90,000 from projected fiscal 2015 levels. This was based on anticipated continued retail growth and the flattening and stabilizing of spending by federal contractors.
- Inflationary trends in the region compare with national indices. Pressures generally come from drivers such as medical, retirement, and utilities. Medical costs, while still increasing, have stabilized somewhat due to a restructuring of plans offered by the City. Retirement rates change biennially and the rate will be flat for fiscal 2016.
- TVA is continuing to restructure wholesale rates, which is anticipated to result in annual rate increases over the next few years in the 1.5% to 3% range. Water and wastewater rate increases were adopted effective January 1, 2014, and January 1, 2015. Annual rate increases are anticipated to continue in the near term for both these services due to major capital and debt requirements to maintain these systems. Rate increases of 6% are expected for both water and wastewater services during fiscal 2016.
- \$325,786 in fund balance is budgeted to be drawn in fiscal 2016, primarily to maintain the property tax rate at the \$2.52 certified tax rate which is comparable to the fiscal 2015 level. Future property taxes will be impacted by approximately 4-cents if revenue growth does not occur to offset the fund balance draw in future fiscal years.

CITY OF OAK RIDGE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

All of these factors were considered in preparing the City of Oak Ridge's budget for the 2016 fiscal year.

During the fiscal 2015, the unassigned fund balance in the general fund increased by \$620,218 to \$8,026,420. This increase was primarily from the utilization of assigned fund balance first and the annual payment of the \$5,000,000 interfund loan from the general fund to the City's waterworks Fund of \$238,095. This \$5,000,000 loan amount is classified as nonspendable fund balance at year end in the general fund. It will be repaid by the waterworks fund over a six year period. The interfund loan balance at June 30, 2015, is \$1,190,477.

Requests for Information

This financial report is designed to provide a general overview of the City of Oak Ridge's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Oak Ridge, Office of the Finance Director, P.O. Box 1, Oak Ridge, TN 37831-0001.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Oak Ridge Land Bank	Convention and Visitors Bureau	Education Foundation
Assets						
Cash and cash equivalents	\$ 26,167,153	\$ 11,700,780	\$ 37,867,933	\$ 71,279	\$ 139,945	\$ 171,664
Investments	-	-	-	-	-	5,458,376
Receivables, net	21,803,093	9,246,359	31,049,452	-	-	-
Unconditional promises to give, net	-	-	-	-	-	89,239
Due from other governments	5,904,355	23,947	5,928,302	-	-	-
Property inventory	-	-	-	284,640	-	-
Inventory, at cost	395,190	2,466,839	2,862,029	-	-	-
Prepaid items	93,458	-	93,458	-	-	-
Restricted assets:						
Cash and cash equivalents	7,264,207	3,107,594	10,371,801	-	-	-
Long-term interfund note receivable (payable)	1,190,477	(1,190,477)	-	-	-	-
Net pension asset	104,527	-	104,527	-	-	-
Capital assets nondepreciable	3,389,195	5,160,193	8,549,388	-	-	-
Capital assets depreciable, net	126,605,035	159,811,951	286,416,986	-	-	-
Total assets	192,916,690	190,327,186	383,243,876	355,919	139,945	5,719,279
Deferred outflows of resources						
Deferred employer contributions to pensions	5,337,844	1,038,794	6,376,638	-	-	-
Total deferred outflows of resources	5,337,844	1,038,794	6,376,638	-	-	-

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Oak Ridge Land Bank	Convention and Visitors Bureau	Education Foundation
Liabilities						
Accounts payable	\$ 1,973,800	\$ 11,211,187	\$ 13,184,987	\$ -	\$ -	\$ -
Accrued liabilities	4,792,842	171,288	4,964,130	-	-	245
Deposits payable	680,655	2,823,913	3,504,568	-	-	-
Due to other governments	761	-	761	-	-	-
Contracts payable	-	266,840	266,840	-	-	-
Accrued interest payable	270,406	171,336	441,742	-	-	-
Long-term liabilities:						
Due within one year	6,699,699	4,259,436	10,959,135	-	-	-
Due in more than one year	91,725,993	74,467,341	166,193,334	-	-	-
Net pension liability	4,301,172	2,016,813	6,317,985	-	-	-
Total liabilities	110,445,328	95,388,154	205,833,482	-	-	245
Deferred inflows of resources						
Deferred property taxes	20,461,432	-	20,461,432	-	-	-
Derivative instruments - interest rate swaps	5,437,032	-	5,437,032	-	-	-
Deferred pension investment earnings	12,602,050	1,783,456	14,385,506			
Advance payments	18,992	850,285	869,277	-	-	-
Total deferred inflows of resources	38,519,506	2,633,741	41,153,247	-	-	-
Net position						
Net investment in capital assets	41,105,838	86,340,385	127,446,223	-	-	-
Restricted for:						
Drug enforcement	261,346	-	261,346	-	-	-
Street improvements	912,682	-	912,682	-	-	-
Education	133,981	-	133,981	-	-	5,719,034
Unrestricted	6,875,853	7,003,700	13,879,553	355,919	139,945	-
Total net position	\$ 49,289,700	\$ 93,344,085	\$ 142,633,785	\$ 355,919	\$ 139,945	\$ 5,719,034

The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Oak Ridge Land Bank	Convention and Visitors Bureau	Education Foundation
Functions/Programs										
Primary government:										
Governmental activities:										
General government	\$ 1,319,757	\$ 936,763	\$ -	\$ -	\$ (382,994)	\$ -	\$ (382,994)	\$ -	\$ -	\$ -
Public safety	13,311,097	465,442	3,135,774	52,057	(9,657,824)	-	(9,657,824)	-	-	-
Public works	7,255,705	-	-	436,211	(6,819,494)	-	(6,819,494)	-	-	-
Community services	8,525,602	2,333,738	686,582	357,976	(5,147,306)	-	(5,147,306)	-	-	-
Education	53,833,767	1,074,418	37,957,070	-	(14,802,279)	-	(14,802,279)	-	-	-
Interest and fiscal charges	3,192,241	-	-	-	(3,192,241)	-	(3,192,241)	-	-	-
Total governmental activities	87,438,169	4,810,361	41,779,426	846,244	(40,002,138)	-	(40,002,138)	-	-	-
Business-type activities:										
Electric	52,334,630	55,589,835	-	113,539	-	3,368,744	3,368,744	-	-	-
Waterworks	16,501,948	20,622,223	-	581,659	-	4,701,934	4,701,934	-	-	-
Emergency communication district	571,904	482,070	171,097	-	-	81,263	81,263	-	-	-
Total business-type activities	69,408,482	76,694,128	171,097	695,198	-	8,151,941	8,151,941	-	-	-
Total primary government	<u>\$ 156,846,651</u>	<u>\$ 81,504,489</u>	<u>\$ 41,950,523</u>	<u>\$ 1,541,442</u>	(40,002,138)	8,151,941	(31,850,197)	-	-	-
Component units:										
Oak Ridge Land Bank	163,084	95,500	153,794	-	-	-	-	86,210	-	-
Convention and Visitors Bureau	308,343	25,201	-	-	-	-	-	-	(283,142)	-
Education Foundation	534,855	-	-	48,978	-	-	-	-	-	(485,877)
Total component units	<u>\$ 1,006,282</u>	<u>\$ 120,701</u>	<u>\$ 153,794</u>	<u>\$ 48,978</u>	-	-	-	86,210	(283,142)	(485,877)
General revenues:										
Property taxes					19,848,500	-	19,848,500	-	-	-
In-lieu of tax payments					2,256,958	-	2,256,958	-	-	-
Sales taxes					9,888,838	-	9,888,838	-	-	-
Unrestricted state shared taxes					4,489,726	-	4,489,726	-	-	-
Business taxes					906,967	-	906,967	-	-	-
Occupancy taxes					542,257	-	542,257	-	-	-
Wholesale beer and liquor taxes					805,582	-	805,582	-	-	-
Investment earnings					44,170	12,883	57,053	11	5	135,175
Investment loss - change in fair value of interest rate swaps					(882,448)	-	(882,448)	-	-	-
Miscellaneous					1,555,196	1,094,970	2,650,166	-	323,300	-
Transfers					3,081,766	(3,081,766)	-	-	-	-
Total general revenues and transfers					42,537,512	(1,973,913)	40,563,599	11	323,305	135,175
Change in net position					2,535,374	6,178,028	8,713,402	86,221	40,163	(350,702)
Net position - beginning, as previously reported					62,327,950	90,454,299	152,782,249	269,698	99,782	6,069,736
Change in method of accounting for pension					(15,573,624)	(3,288,242)	(18,861,866)	-	-	-
Net position - beginning, as restated					46,754,326	87,166,057	133,920,383	269,698	99,782	6,069,736
Net position - ending					<u>\$ 49,289,700</u>	<u>\$ 93,344,085</u>	<u>\$ 142,633,785</u>	<u>\$ 355,919</u>	<u>\$ 139,945</u>	<u>\$ 5,719,034</u>

The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	General Purpose School	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 6,161,347	\$ 8,279,224	\$ 2,238,837	\$ 1,993,627	\$ 2,080,774	\$ 20,753,809
Receivables, net	21,778,277	8,894	-	-	11,148	21,798,319
Due from other funds	-	516,730	-	-	-	516,730
Due from other governments	3,131,619	1,316,867	530,793	271,669	653,407	5,904,355
Inventories, at cost	199,428	-	-	-	69,420	268,848
Prepaid items	-	87,814	-	-	5,644	93,458
Long-term interfund note receivable	1,190,477	-	-	-	-	1,190,477
Total unrestricted assets	32,461,148	10,209,529	2,769,630	2,265,296	2,820,393	50,525,996
Restricted assets:						
Cash and cash equivalents	-	-	-	7,196,838	67,369	7,264,207
Total assets	<u>\$ 32,461,148</u>	<u>\$ 10,209,529</u>	<u>\$ 2,769,630</u>	<u>\$ 9,462,134</u>	<u>\$ 2,887,762</u>	<u>\$ 57,790,203</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Accounts payable	\$ 784,607	\$ 365,668	\$ 253,899	\$ 482	\$ 343,512	\$ 1,748,168
Accrued liabilities	323,795	3,837,521	-	-	113,924	4,275,240
Deposits	680,655	-	-	-	-	680,655
Due to other funds	-	-	-	-	516,730	516,730
Due to other governments	761	-	-	-	-	761
Total liabilities	1,789,818	4,203,189	253,899	482	974,166	7,221,554
Deferred inflows of resources:						
Deferred property tax	21,255,005	-	-	-	-	21,255,005
Advance payments	-	-	-	-	18,992	18,992
Total deferred inflows of resources	21,255,005	-	-	-	18,992	21,273,997
Fund balances:						
Nonspendable	1,389,905	87,814	-	-	142,433	1,620,152
Restricted	-	18,295	-	7,196,838	1,295,504	8,510,637
Committed	-	13,901	-	-	-	13,901
Assigned	-	5,886,330	2,515,731	2,264,814	456,667	11,123,542
Unassigned	8,026,420	-	-	-	-	8,026,420
Total fund balances	9,416,325	6,006,340	2,515,731	9,461,652	1,894,604	29,294,652
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,461,148</u>	<u>\$ 10,209,529</u>	<u>\$ 2,769,630</u>	<u>\$ 9,462,134</u>	<u>\$ 2,887,762</u>	<u>\$ 57,790,203</u>

The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$	29,294,652
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		126,326,029
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Internal service funds are used by management to charge the costs of insurance and equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		6,879,717
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Property tax revenues that have been deferred in the balance sheet of the governmental funds because they were not available to pay current liabilities of the period are recognized as revenue in the statement of activities and therefore are not included in the statement of net position.		793,573
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

General obligation debt	(30,015,000)	
Qualified zone academy bonds (QZAB)	(3,056,510)	
Capital lease obligation	(121,313)	
Notes payable	(53,180,053)	
Discounts and premiums (net)	(1,168,179)	
Compensated absences	(2,457,373)	
Termination benefits	(306,210)	
OPEB obligation	(6,700,059)	
Accrued interest	(250,249)	
Net pension liability	(4,088,147)	(101,343,093)

Deferred outflows of resources for deferred employer pension contributions are reported on the statement of net position for future outflow of resources that are not reported on the balance sheet of the governmental funds.		5,281,960
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Deferred inflows of resources are reported on the statement of net position for future inflows of resources that are not reported on the balance sheet of the governmental funds:

Derivative instrument - interest rate swaps	(5,437,032)	
Deferred pension investment earnings	(12,506,106)	(17,943,138)

Net position of governmental activities	\$	49,289,700
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The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General	General Purpose School	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 22,995,915	\$ -	\$ -	\$ 1,861,735	\$ -	\$24,857,650
Licenses and permits	198,147	-	-	-	-	198,147
Intergovernmental	13,401,285	33,511,625	546,187	-	9,035,865	56,494,962
Charges for services	1,328,652	311,755	-	892,732	1,648,743	4,181,882
Fines and forfeitures	321,828	-	-	-	108,504	430,332
Investment earnings	26,256	-	1,508	9,480	2,824	40,068
Miscellaneous	523,665	270,437	-	403,056	115,661	1,312,819
Total revenues	38,795,748	34,093,817	547,695	3,167,003	10,911,597	87,515,860
Expenditures						
Current:						
General government	1,818,670	-	-	-	-	1,818,670
Public safety	10,722,546	-	-	-	2,700,298	13,422,844
Public works	4,694,930	-	-	-	1,926,058	6,620,988
Community services	5,489,331	-	-	-	2,457,164	7,946,495
Education	-	48,323,291	-	-	5,499,117	53,822,408
Capital outlay	-	-	1,333,671	-	-	1,333,671
Debt service:						
Principal	-	-	-	3,848,056	83,000	3,931,056
Interest	-	-	-	3,150,792	2,311	3,153,103
Total expenditures	22,725,477	48,323,291	1,333,671	6,998,848	12,667,948	92,049,235
Excess (deficiency) of revenues over expenditures	16,070,271	(14,229,474)	(785,976)	(3,831,845)	(1,756,351)	(4,533,375)
Other financing sources (uses)						
Transfers in	3,339,582	14,629,302	1,603,819	3,545,000	995,312	24,113,015
Transfers out	(19,467,238)	(52,376)	-	(350,000)	(1,161,635)	(21,031,249)
Total other financing sources (uses)	(16,127,656)	14,576,926	1,603,819	3,195,000	(166,323)	3,081,766
Net change in fund balances	(57,385)	347,452	817,843	(636,845)	(1,922,674)	(1,451,609)
Fund balances - beginning	9,473,710	5,658,888	1,697,888	10,098,497	3,817,278	30,746,261
Fund balances - ending	\$ 9,416,325	\$ 6,006,340	\$ 2,515,731	\$ 9,461,652	\$ 1,894,604	\$ 29,294,652

The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (1,451,609)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(3,965,151)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.	417,434
Tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	11,886
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,052,945
Change in fair value of ineffective derivative - interest rate swap	(882,448)
Expenses reported in the statement of activities for changes in the net pension liability, deferred outflows related to pensions, and deferred inflows related to pensions are not reported in the funds.	4,084,434
Accrued interest associated with long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds.	8,457
The internal service funds are used by management to charge the costs of insurance and equipment replacement to individual funds. The net revenue of certain activities of internal service funds is reported with governmental	259,426
Change in net position of governmental activities	\$ 2,535,374

The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
Revenues						
Taxes	\$ 23,256,585	\$ 23,256,585	\$ 22,995,915	\$ -	\$ 22,995,915	\$ (260,670)
Licenses and permits	230,000	230,000	198,147	-	198,147	(31,853)
Intergovernmental	13,566,683	13,566,683	13,401,285	-	13,401,285	(165,398)
Charges for services	1,316,568	1,316,568	1,328,652	-	1,328,652	12,084
Fines and forfeitures	376,000	376,000	321,828	-	321,828	(54,172)
Investment earnings	32,286	32,286	26,256	-	26,256	(6,030)
Miscellaneous	515,000	515,000	523,665	-	523,665	8,665
Total revenues	39,293,122	39,293,122	38,795,748	-	38,795,748	(497,374)
Expenditures						
Current:						
General government	1,918,015	1,918,015	1,818,670	-	1,818,670	99,345
Public safety	10,659,650	10,659,650	10,722,546	(93,267)	10,629,279	30,371
Public works	4,936,508	4,936,508	4,694,930	-	4,694,930	241,578
Community services	5,707,337	5,707,337	5,489,331	-	5,489,331	218,006
Total expenditures	23,221,510	23,221,510	22,725,477	(93,267)	22,632,210	589,300
Excess (deficiency) of revenues over (under) expenditures	16,071,612	16,071,612	16,070,271	93,267	16,163,538	91,926
Other financing sources (uses)						
Transfers in	3,090,875	3,090,875	3,339,582	-	3,339,582	248,707
Transfers out	(19,467,238)	(19,467,238)	(19,467,238)	-	(19,467,238)	-
Net other financing uses	(16,376,363)	(16,376,363)	(16,127,656)	-	(16,127,656)	248,707
Net change in fund balances	(304,751)	(304,751)	(57,385)	93,267	35,882	340,633
Fund balance - beginning	9,380,443	9,380,443	9,473,710	(93,267)	9,380,443	-
Fund balance - ending	\$ 9,075,692	\$ 9,075,692	\$ 9,416,325	\$ -	\$ 9,416,325	\$ 340,633

The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Positive (Negative)
Revenues				
Intergovernmental	\$ 33,850,049	\$ 33,666,925	\$ 33,511,625	\$ (155,300)
Charges for services	304,000	304,000	311,755	7,755
Other	251,980	468,657	270,437	(198,220)
Total revenues	34,406,029	34,439,582	34,093,817	(345,765)
Expenditures				
Current:				
Education	56,993,641	50,142,784	48,323,291	1,819,493
Total expenditures	56,993,641	50,142,784	48,323,291	1,819,493
Excess (deficiency) of revenues over (under) expenditures	(22,587,612)	(15,703,202)	(14,229,474)	1,473,728
Other financing sources (uses)				
Transfers in	14,629,302	14,629,302	14,629,302	-
Transfers out	(42,802)	(42,802)	(52,376)	(9,574)
Total other financing sources (uses)	14,586,500	14,586,500	14,576,926	(9,574)
Net change in fund balances	(8,001,112)	(1,116,702)	347,452	1,464,154
Fund balance - beginning	5,658,888	5,658,888	5,658,888	-
Fund balance - ending	\$ (2,342,224)	\$ 4,542,186	\$ 6,006,340	\$ 1,464,154

The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-type Activities				Governmental Activities
			Nonmajor Enterprise Fund - Emergency Communications	Total Enterprise Funds	Internal Service Funds
	Electric	Waterworks			
Assets and deferred outflows of resources					
Current assets:					
Cash and cash equivalents	\$ 6,104,588	\$ 4,571,737	\$ 1,024,455	\$ 11,700,780	\$ 5,413,344
Receivables, net	6,879,515	2,366,844	-	9,246,359	4,774
Due from other governments	-	23,947	-	23,947	-
Inventories, at cost	1,403,095	1,063,744	-	2,466,839	126,342
Restricted assets:					
Cash and cash equivalents	83,200	2,174,109	850,285	3,107,594	-
Total current assets	14,470,398	10,200,381	1,874,740	26,545,519	5,544,460
Noncurrent assets:					
Capital assets, net	53,196,034	110,843,829	932,281	164,972,144	3,668,201
Total noncurrent assets	53,196,034	110,843,829	932,281	164,972,144	3,668,201
Total assets	67,666,432	121,044,210	2,807,021	191,517,663	9,212,661
Deferred outflows of resources:					
Deferred employer contributions to pensions	431,201	607,593	-	1,038,794	55,884
Total deferred outflows of resources	431,201	607,593	-	1,038,794	55,884
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	8,124,997	3,083,185	3,005	11,211,187	225,632
Accrued liabilities	66,526	104,762	-	171,288	517,602
Deposits	2,753,913	70,000	-	2,823,913	-
Current portion of noncurrent liabilities	1,393,887	2,728,625	136,924	4,259,436	109,525
Contracts payable	-	266,840	-	266,840	-
Accrued interest payable	57,616	106,731	6,989	171,336	20,157
Total current liabilities	12,396,939	6,360,143	146,918	18,904,000	872,916
Noncurrent liabilities:					
Compensated absences	78,061	225,092	-	303,153	16,459
Notes payable	3,151,068	23,241,910	-	26,392,978	-
Interfund note payable	-	1,190,477	-	1,190,477	-
Bonds payable	15,175,093	32,216,913	-	47,392,006	451,455
Capital lease payable	-	-	143,744	143,744	826,905
Other post employment benefits obligation	72,851	162,609	-	235,460	16,651
Net pension liability	837,175	1,179,638	-	2,016,813	108,498
Total noncurrent liabilities	19,314,248	58,216,639	143,744	77,674,631	1,419,968
Total liabilities	31,711,187	64,576,782	290,662	96,578,631	2,292,884
Deferred inflows of resources:					
Grants received in advance	-	-	850,285	850,285	-
Pension changes in investment earnings	740,308	1,043,148	-	1,783,456	95,944
Total deferred inflows of resources	740,308	1,043,148	850,285	2,633,741	95,944
Net position					
Net investment in capital assets	33,668,306	52,020,466	651,613	86,340,385	2,320,865
Unrestricted	1,977,832	4,011,407	1,014,461	7,003,700	4,558,852
Total net position	\$ 35,646,138	\$ 56,031,873	\$ 1,666,074	\$ 93,344,085	\$ 6,879,717

The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-type Activities				Governmental Activities
	Nonmajor Enterprise Fund -			Total Enterprise Funds	Internal Service Funds
	Electric	Waterworks	Emergency Communications		
Operating revenues:					
Charges for services	\$ 55,589,835	\$ 20,622,223	\$ 482,070	\$ 76,694,128	\$ 7,364,755
Miscellaneous	959,771	135,199	23,608	1,118,578	-
Employer's contributions	-	-	-	-	3,998,058
Employees' contributions	-	-	-	-	984,421
Total operating revenues	56,549,606	20,757,422	505,678	77,812,706	12,347,234
Operating expenses:					
Maintenance and administrative	7,511,833	10,548,676	386,950	18,447,459	1,251,886
Purchased power and water	41,983,485	34,609	-	42,018,094	-
Depreciation	2,195,340	4,716,177	190,180	7,101,697	804,849
Materials	-	-	-	-	690,290
Medical/liability claims	-	-	-	-	488,934
Insurance premiums	-	-	-	-	5,343,421
Other benefits	-	-	-	-	3,568,934
Total operating expenses	51,690,658	15,299,462	577,130	67,567,250	12,148,314
Operating income (loss)	4,858,948	5,457,960	(71,452)	10,245,456	198,920
Nonoperating revenues (expenses):					
Gain on disposal of capital assets	-	-	-	-	103,999
Revenue from other governments	-	-	171,097	171,097	-
Investment earnings	4,662	6,520	1,701	12,883	4,102
Interest expense	(643,972)	(1,202,486)	(18,382)	(1,864,840)	(47,595)
Net nonoperating revenues (expenses)	(639,310)	(1,195,966)	154,416	(1,680,860)	60,506
Income before capital contributions and transfers	4,219,638	4,261,994	82,964	8,564,596	259,426
Transfers out	(1,484,735)	(1,597,031)	-	(3,081,766)	-
Capital contributions	113,539	581,659	-	695,198	-
Change in net position	2,848,442	3,246,622	82,964	6,178,028	259,426
Net position - beginning, as previously reported	34,162,638	54,708,551	1,583,110	90,454,299	6,797,188
Prior period restatement	(1,364,942)	(1,923,300)	-	(3,288,242)	(176,897)
Net position - beginning, as restated	32,797,696	52,785,251	1,583,110	87,166,057	6,620,291
Net position - ending	\$ 35,646,138	\$ 56,031,873	\$ 1,666,074	\$ 93,344,085	\$ 6,879,717

The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-type Activities				Governmental Activities
	Nonmajor Enterprise Fund -			Total Enterprise Funds	Internal Service Funds
	Electric	Waterworks	Emergency Communications		
Cash flows from operating activities					
Receipts from customers	\$ 57,007,553	\$ 20,692,383	\$ 535,791	\$ 78,235,727	\$ 12,342,460
Payments to employees for salaries and benefits	(3,052,099)	(3,385,865)	-	(6,437,964)	(436,085)
Payments to suppliers and service providers	(46,825,910)	(5,515,904)	(396,649)	(52,738,463)	(10,889,555)
Net cash provided by operating activities	7,129,544	11,790,614	139,142	19,059,300	1,016,820
Cash flows from noncapital financing activities					
Transfers to other funds	(1,484,735)	(1,597,031)	-	(3,081,766)	-
Net cash used in noncapital financing activities	(1,484,735)	(1,597,031)	-	(3,081,766)	-
Cash flows from capital and related financing activities					
Proceeds from the issuance of long-term debt	-	7,015,622	-	7,015,622	-
Proceeds from the sale of capital assets	-	-	-	-	104,037
Contributed capital	113,539	392,995	-	506,534	-
Acquisition and construction of capital assets	(3,781,407)	(14,086,724)	(130,938)	(17,999,069)	(915,297)
Payments on capital lease	-	-	-	-	(68,909)
Principal paid on capital debt	(1,124,395)	(1,937,672)	(130,429)	(3,192,496)	(200,000)
Interest paid on capital debt	(756,696)	(1,375,841)	(21,629)	(2,154,166)	(44,275)
Net cash used in capital and related financing activities	(5,548,959)	(9,991,620)	(282,996)	(15,823,575)	(1,124,444)
Cash flows from investing activities					
Interest on investments	4,662	6,520	1,701	12,883	4,102
Net cash provided by investing activities	4,662	6,520	1,701	12,883	4,102
Net increase (decrease) in cash and cash equivalents	100,512	208,483	(142,153)	166,842	(103,522)
Cash and cash equivalents - beginning	6,087,276	6,537,363	2,016,893	14,641,532	5,516,866
Cash and cash equivalents - ending	\$ 6,187,788	\$ 6,745,846	\$ 1,874,740	\$ 14,808,374	\$ 5,413,344
Cash and cash equivalents are classified as:					
Current assets	\$ 6,104,588	\$ 4,571,737	\$ 1,024,455	\$ 11,700,780	\$ 5,413,344
Noncurrent restricted assets	83,200	2,174,109	850,285	3,107,594	-
Total cash and cash equivalents - ending	\$ 6,187,788	\$ 6,745,846	\$ 1,874,740	\$ 14,808,374	\$ 5,413,344

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-type Activities				Governmental Activities
	Electric	Waterworks	Nonmajor Enterprise Fund - Emergency Communications	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 4,858,948	\$ 5,457,960	\$ (71,452)	\$ 10,245,456	\$ 198,920
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	2,195,340	4,716,177	190,180	7,101,697	804,849
Changes in assets and liabilities					
Receivables	142,858	(65,039)	17,197	95,016	(4,774)
Deferred charges	-	-	-	-	-
Prepaid items	-	-	-	-	-
Inventories	67,606	74,131	-	141,737	2,521
Due from other governments	-	391,907	36,524	428,431	-
Deferred outflows	(431,201)	(607,593)	-	(1,038,794)	(55,884)
Accounts payable	(212,953)	1,491,307	(33,307)	1,245,047	(5,362)
Accrued liabilities	(3,766)	16,247	-	12,481	31,967
Due to other governments	-	(20,411)	-	(20,411)	-
Compensated absences	(23,926)	16,367	-	(7,559)	14,979
Customer deposits	315,089	-	-	315,089	-
Other post employment benefit obligations payable	9,008	20,075	-	29,083	2,059
Net pension liability	(527,767)	(743,662)	-	(1,271,429)	(68,399)
Deferred inflows	740,308	1,043,148	-	1,783,456	95,944
Total adjustments	2,270,596	6,332,654	210,594	8,813,844	817,900
Net cash provided by operating activities	\$ 7,129,544	\$ 11,790,614	\$ 139,142	\$ 19,059,300	\$ 1,016,820
 Schedule of non-cash capital and related financing activities					
Forgiveness of long-term debt	\$ -	\$ 188,664	\$ -	\$ 188,664	\$ -

The notes to the financial statements are an integral part of these statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private Purpose Trust - Scholarship Fund	Internal School Funds	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ 238,911	\$ 898,367	\$ 1,137,278
Accounts receivable	-	425	425
Inventory	-	9,632	9,632
Total assets	<u>238,911</u>	<u>908,424</u>	<u>1,147,335</u>
Liabilities			
Accounts payable	-	1,405	1,405
Total liabilities	<u>-</u>	<u>1,405</u>	<u>1,405</u>
Net Position			
Held in trust for scholarships	238,911	-	238,911
Held in internal school funds	-	907,019	907,019
Total net position	<u><u>\$ 238,911</u></u>	<u><u>\$ 907,019</u></u>	<u><u>\$ 1,145,930</u></u>

The notes to the financial statements are an integral part of these statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2015

	Private Purpose Trust - Scholarship Fund	Internal School Funds	Total Fiduciary Funds
Additions			
Investment income	\$ 1,232	\$ -	\$ 1,232
Contributions	-	1,452,948	1,452,948
Total additions	1,232	1,452,948	1,454,180
Deductions			
Scholarship awards	81,407	-	81,407
School related expenditures	-	1,394,002	1,394,002
Total deductions	81,407	1,394,002	1,475,409
Change in net position	(80,175)	58,946	(21,229)
Total net position - beginning	319,086	848,073	1,167,159
Total net position - ending	\$ 238,911	\$ 907,019	\$ 1,145,930

The notes to the financial statements are an integral part of these statements.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Oak Ridge, Tennessee (the "City"), conform to accounting principles generally accepted in the United States of America applicable to governmental units. The following is a summary of the more significant policies:

a. Reporting Entity

The City was incorporated June 16, 1959, under Chapters 30 through 36 of Title 6, Tennessee Code Annotated, which chapters became the Home Rule Charter of the City, as the result of an election held November 7, 1962. The City operates under a Modified City Manager-Council form of government and provides services as authorized by its charter.

The basic criteria for determining whether another governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes (1) the appointment of a voting majority of the organization's governing body, (2) the ability of the primary government to impose its will on the organization, or (3) if there is a financial benefit/burden relationship. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. The operations of the Oak Ridge Schools (the "Schools") are included as a part of the primary government. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize they are legally separate from the City. The accounting principles and policies utilized by the discretely presented component units are the same as those of the City unless stated otherwise in the following Notes to the Financial Statements.

Discretely Presented Component Units

Oak Ridge Land Bank. In August 2013, City Council amended the property maintenance regulations ordinance to create a Land Bank Corporation in accordance with Tennessee Coded Annotated §13-30-101 ET SEQ. The Oak Ridge Land Bank Corporation is a not-for profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Oak Ridge Land Bank Corporation's Board of Directors consists of seven directors appointed by City Council, one of which is a member of City Council. The Land Bank program was developed to support economic revitalization through returning vacant, abandoned and tax delinquent properties to productive use.

The Oak Ridge Land Bank Corporation publishes separate financial statements, which may be obtained at the following address:

Oak Ridge Land Bank Corporation
P.O. Box 1
Oak Ridge, TN 37831-0001

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Oak Ridge Convention and Visitors Bureau. The Convention and Visitors Bureau promotes tourism activities and operates a tourist information center within the City. The Bureau's seven Board members are appointed by City Council. Bureau operations are virtually entirely funded from City appropriations. Complete financial statements for the Oak Ridge Convention and Visitors Bureau may be obtained at the entity's administrative offices at the following address:

Oak Ridge Convention and Visitors Bureau
102 Robertsville Road, Suite C
Oak Ridge, TN 37830

Oak Ridge Public Schools Education Foundation, Inc. (Education Foundation). The Foundation is a not-for profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Foundation's primary mission is to enhance, promote and support the City of Oak Ridge Schools. The Foundation receives donations and pledges from individuals, corporations and other donors. The City does not appoint or approve the Foundation's budget or Board of Directors. However, the Foundation's main purpose is to provide financial support to the schools.

The Foundation has been audited by a separate certified public accounting firm for the year ending December 31, 2014. The Foundation's results have been presented with a different year-end.

The Foundation publishes separate financial statements, which may be obtained from:

Ms. Lila Metcalf
Oak Ridge Public Schools Education Foundation, Inc.
MS-22, P.O. Box 117
Oak Ridge, TN 37831
(865) 241-3667

Related Organizations

Oak Ridge City Council is responsible for all board appointments of the Oak Ridge Housing Authority, Oak Ridge Utility District, Oak Ridge Industrial Development Board and the Oak Ridge Health and Education Facilities Board. However, the City has no further accountability for any of these organizations. The City cannot impose its will on these boards since it does not have the ability to modify or approve their budgets or overrule or modify decisions of the boards. The boards are fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, they are not included in the City's financial statements.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Government-wide and Fund Financial Statements

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary fund, although the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each a party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, fire, recreation, public works, general government, etc.).

General Purpose School Fund

The General Purpose School Fund is a special revenue fund. This fund is used to account for the revenues and expenditures of the City's public school system, except for those required to be accounted for in a separate fund. Revenues are received from local taxes, state and federal revenues and charges for services.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources segregated for the acquisition, construction or renovation of major capital facilities other than those financed by proprietary operations. The primary funding source is proceeds from general obligation debt issuances and transfers from the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for the payment of principal and interest on long-term general obligation debt. It does not include debt issued for services provided by a proprietary fund. Local taxes and transfers from the General Fund primarily service this debt obligation.

The City reports the following major enterprise funds:

Electric Fund

The Electric Fund is used to account for the provision of electric service to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

Waterworks Fund

The Waterworks Fund is used to account for the provision of water and sewer service to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

The City also reports the following fund types:

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Activities accounted for in internal service funds include: (1) medical benefits and retirement plan contributions for City employees, unemployment, worker's compensation and general liability claims and premiums, (2) providing for the purchase and leasing of equipment and vehicles to City and Schools departments along with accounting for fuel and maintenance of these vehicles.

Fiduciary Funds

The Scholarship Fund, a private purpose trust fund, is used to account for resources legally held in trust for use of scholarship awards. All resources of the fund, including investment earnings, may be used for scholarship awards.

The Oak Ridge Schools Internal School Funds, an agency fund, is used to account for the funds held at individual schools for which all earnings and resources of the fund are used to benefit the students.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, with the exception of interfund services provided and used which are not eliminated in the process of consolidation. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers certain revenues available if collected within 60 days after year-end. Sales, gasoline and motor fuel, beer and liquor wholesale, room occupancy and mixed drink taxes are considered "measurable" at the point of sale and are recognized as revenue at that time. All other non-grant intergovernmental revenues, licenses and permits, charges for services, fines and forfeitures, and other revenues are measurable when received and are recorded as revenue at that time.

Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal ongoing operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services provided. Operating revenues in the Waterworks Fund includes the portion of the tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Budgets and Budgetary Accounting

The City follows the procedures outlined below in establishing the budgetary data reflected in the financial statements.

1. By early-June, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is developed and presented to City Council prior to preparation of the upcoming annual operating budget.
2. A public hearing is conducted at the Municipal Building to obtain taxpayer comments.
3. Prior to July 1, the budgets for all governmental funds are legally enacted through passage of an ordinance by City Council.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Budgetary control is also achieved for the Debt Service Fund through general obligation bond indenture provisions.
6. The budgets for all governmental funds are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that in the General, Special Revenue, and Capital Projects Funds, encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. The adjustments necessary to convert the basis of budgeting to GAAP represent the net change in encumbrances outstanding at the beginning and ending of the fiscal year.
7. All appropriations which are not expended or encumbered lapse at year end.
8. During the year, supplementary appropriations were necessary for the General Purpose School Fund, School Federal Projects Fund, Other Education Fund, Central Cafeteria Fund and West End Fund. Refer to Note 22.

e. Cash and Cash Equivalents

Cash and cash equivalents include deposits in the State of Tennessee's Local Government Investment Pool (LGIP) as well as cash on hand and on deposit. The LGIP is a SEC 2a-7-like fund and the amount stated is based on the LGIP share price. Investments in the LGIP are reported at amortized cost.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with maturity of three months or less when purchased to be a cash equivalent.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Investments

Investments are stated at the fair value based upon quoted market price.

g. Unbilled Accounts Receivable

In the Electric Fund and Waterworks Funds, both enterprise funds, an estimated amount has been recorded for electric, water and wastewater services rendered but not yet billed as of the close of the fiscal year. The receivable was computed by taking the cycle billings the City sent to customers in July and prorating the amount of days applicable to the current fiscal year. At June 30, 2015, unbilled revenue was estimated at \$1,991,266 in the Electric Fund and \$715,724 in the Waterworks Fund.

h. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

i. Unconditional Promises to Give

Unconditional promises to give of the Oak Ridge Education Foundation, a component unit, are recognized as contribution revenue in the period received. The Foundation uses the allowance method to determine a collectible amount based upon prior years' experience and management's estimates.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue.

j. Inventories and Prepaid Items

Inventories are valued, maintained and issued using the average cost method. The costs of inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost greater than \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2002, consist of the road network and storm water system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method for assets used by all governmental activities. The composite method is primarily being used for other City assets. The estimated useful lives are as follows:

Infrastructure	40 - 50 years	2% - 2.5% composite method
Buildings	20 - 50 years	2% - 5% composite method
Improvements	15 - 40 years	2.5% - 6.667% composite method
Equipment	3 - 20 years	

Property under capital leases is stated at the lower of the present value of minimum lease payments or the fair market value at the inception of the lease. Once placed in use, such property is amortized using the straight-line method over the shorter of the economic useful life of the asset or the remaining term of the lease.

For proprietary fund assets, interest is capitalized on construction costs incurred with tax-exempt debt using the interest rate on borrowed funds. The amount of interest cost incurred on tax-exempt debt is reduced by the amount of interest earnings for the year. Interest is capitalized on construction costs incurred with taxable debt using the average interest rate on the borrowed funds. The capitalization period is from the date of the borrowing until the construction period is complete. Capitalized interest in the City's business type funds totaled \$279,876 for fiscal year 2015.

l. Compensated Absences

Employees of the City are granted general (vacation) and emergency (sick) leave in varying amounts. In the event of termination, an employee is paid for accumulated general (vacation) leave; however, accumulated emergency (sick) leave is not paid. Upon retirement, the accumulated emergency (sick) leave is credited to time of employment for calculating years of service under Tennessee Consolidated Retirement System benefits.

For the government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. In the fund financial statements, governmental fund types expense compensated absences as they are paid. The compensated liability is not reported in their respective fund financial statements because it is not expected to be liquidated with available financial resources.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan and the Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to or deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan and the Teacher Legacy Pension Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan and the Teacher Legacy Pension Plan of TCRS. Investments are reported at fair value.

n. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Debt issuance costs are recorded as an expense in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

o. Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year which are not due within one year are referred to as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds are recorded as nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. All other interfund transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Net Position

The City's net position is classified as follows:

Net Investment in Capital Assets: This represents the City's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position: Restricted net position reflects the resources that are subject to restricted use and have been externally imposed by creditors, grantors or contributors, or by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Unrestricted net position includes resources that are available for transactions relating to the general operations of the City and may be used at the discretion of the City to meet current expenses for any purpose.

q. Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances of the City's governmental funds are classified into the following categories:

Nonspendable Fund Balance – This is comprised of amounts that cannot be spent due to their form or funds that legally or contractually are required to be maintained intact. Fund balances reported as nonspendable in the accompanying financial statements represent amounts for inventory, prepaid expenditures, advances to other funds and noncurrent notes receivables.

Restricted Fund Balance – Fund balances reported as restricted are the result of externally imposed restrictions placed upon current resources by external parties, constitutional provisions or enabling legislations. Examples include state statutes, creditors, bond covenants, donors or grantors.

When both restricted and unrestricted resources are available for use, it is the School's policy and City's practice to expend any available restricted, committed or assigned resources, in that order, prior to expending unassigned resources.

Committed Fund Balance – This is comprised of amounts that are set aside for specific purposes by the City's highest level of decision making authority (City Council or Board of Education for the Schools) through its highest level of formal action (Ordinance adoption by City Council or formal approval by Board of Education for the Schools). Formal action must be taken prior to the end of the fiscal year. Commitments may be changed or removed by the same authority taking the same formal action that imposed the constraint originally.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned Fund Balance – Fund balances reported as assigned are intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by City Council for the City. The Board of Education has a fund balance policy that allows assigned amounts to be re-assigned by the Board of Education or School management.

Unassigned Fund Balance – In accordance with GAAP, the general fund is the only governmental fund that reports an unassigned fund balance. The unassigned fund balance has not been restricted, committed or assigned to a specific purpose within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are in restricted, committed or assigned, it may be necessary to report a negative unassigned fund balance for those governmental funds.

When committed, assigned or unassigned fund balance amounts are available for use, it is the School's policy and City practice to use the committed fund balance first; the assigned fund balance second; and then the unassigned fund balance as it is needed.

State statutes require the Schools to maintain a minimum unrestricted fund balance of 3% of current year's expenditures. For the current fiscal year ending June 30, 2015, the Schools met the minimum fund balance as required by state law.

r. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year-end are reported as assigned fund balances.

s. Deferred Outflows/Inflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources, in addition to assets. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) so will not be recognized as inflow of resources (revenue) until that time.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred outflows of resources consist of the following at June 30, 2015:

	Governmental Activities	Business-type Activities
Deferred employer contributions to pension	\$ 2,215,392	\$ 1,038,794
Deferred employer contributions to pension - teachers	3,122,452	-
Total deferred outflows of resources	<u>\$ 5,337,844</u>	<u>\$ 1,038,794</u>

Deferred inflows of resources consist of the following at June 30, 2015:

	Governmental Activities	Business-type Activities
Deferred property taxes in the General Fund	\$ 20,461,432	\$ -
Derivative instruments - interest rate swap (Note 15)	5,437,032	-
Advance payments in the Central Cafeteria Fund	18,992	-
Deferred pension investment earnings	3,803,499	1,783,456
Deferred pension investment earnings - teachers	8,798,551	
Advance payments in the Emergency Communications Fund	-	850,285
Total deferred inflows of resources	<u>\$ 38,519,506</u>	<u>\$ 2,633,741</u>

t. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

u. New GASB Standards

In February 2015, the GASB issued GASB Statement No. 72, Fair Value Measurement and Application, and is intended to provide guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The City has not elected early implementation of this standard and has not determined the impact of this statement on its financial statements.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. New GASB Standards (continued)

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not elected early implementation of this standard and has not determined the impact of this statement on its financial statements.

v. Restatement

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 60*, in the year ending June 30, 2015. These Statements improve accounting and financial reporting for pensions.

In prior years, the City was not required to recognize a liability for its defined benefit pension plan. However, with the implementation of GASB Statement No. 68, the City is required to recognize a net pension liability in the Statement of Net Position. Therefore, a restatement to decrease the City's net position totaling \$18,861,866 has been recognized in the Statement of Activities for the governmental activities and the business-type activities of \$15,573,624 and \$3,288,242, respectively. In addition, a restatement to decrease the beginning net position of the Electric Fund and the Waterworks Fund of \$1,364,942 and \$1,923,300, respectively, has been recognized in the Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position as business-type activities. A restatement to decrease the beginning net position of the City Equipment Replacement Fund of \$176,897, has been recognized in the Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position as governmental-type activities.

2. PROPERTY TAX

All property taxes are assessed on January 1 of each year. Property taxes receivable are recorded at this lien date. The City's 2014 property tax roll, which funded fiscal year 2015, was levied on July 1 on the assessed value as listed by the applicable County Assessor's Office and was delinquent on September 1. The revenue from that levy was recognized in the fiscal year beginning July 1, 2014, the year which it is intended to finance. The revenue from the City's 2015 levy will be recognized in the fiscal year beginning July 1, 2015, the year which it is intended to finance. The amount of deferred property taxes recorded in the General Fund at June 30, 2015, is \$21,255,005. The City's 2015 property tax roll, which funds fiscal year 2016, was levied on September 1 and was delinquent on October 31.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

2. PROPERTY TAX (continued)

Assessed values are reviewed and approved by the State of Tennessee at the following rates of assumed market value:

Public Utility Property	55%	(Telecommunications & Railroads 40%)
Industrial and Commercial Property		
Real	40%	
Personal	30%	
Residential Property	25%	

The City is on a 5 year reappraisal cycle. The last reappraisal was completed for the list as of January 1, 2010 (recognized in the fiscal year beginning July 1, 2010). The assessed value for the list as of January 1, 2014, was \$824,764,059. The appraised value was \$2,732,940,566 making the total assessed value approximately 30% of the total appraised value.

Taxes were levied at a rate of \$2.39 per \$100 of assessed value. Current tax collections of \$19,030,868 for the fiscal year ended June 30, 2015, were approximately 95.9% of the tax levy.

3. DEPARTMENT OF ENERGY

The Department of Energy (DOE) has three major facilities in Oak Ridge that represent the largest activity at any one location within the nationwide DOE complex. Oak Ridge National Laboratory (ORNL), one of the nation's largest multipurpose research centers, develops safe, economic, and environmentally acceptable technologies for efficient production and use of energy. ORNL enhances area wide economic growth and development through its technology transfer program to private sector industries, as well as, sophisticated needs and uses for federal and private environmental/hazardous waste management, metals and ceramics technologies, and space-age tool and die industries. The former Oak Ridge K-25 Gaseous Diffusion Plant site, now known as East Tennessee Technology Park (ETTP), is a focal point for developing hazardous waste management impoundment and storage. Oak Ridge Y-12 plant is a highly sophisticated manufacturing and developmental engineering organization engaged primarily in programs vital to national defense. BWXT, Inc., UT-Battelle and URS/CH2M Hill Oak Ridge (UCOR), the contractors that operate the three major facilities, are the major employers in Oak Ridge. Consolidated Nuclear Security, LLC assumed responsibility as the major contractor at the Y-12 plant effective July 1, 2014. DOE plants account for 23% of total water sales and 18% of wastewater revenues. Since DOE purchases electricity directly from TVA, DOE does not purchase power from the City. The City receives financial assistance and in-lieu of tax payments from DOE. The City received \$1,659,520 from DOE in tax payments in fiscal 2015. The annual payments are subject to congressional appropriation.

During fiscal 2008, the City entered into an agreement with DOE and DOE's ETTP site contractor to assume fire and emergency medical response duties for the ETTP site. Under the agreement with DOE, through its contractor, the City received over \$10,000,000 in funding over the four-year period of the agreement. On October 1, 2007, DOE transferred 2.23 acres of land, the ETTP fire station and firefighting and ambulance vehicles and equipment to the City to operate this facility. The City added an additional 28 employees to man this station, which will also serve the west end of Oak Ridge. The West End Fund, a special revenue fund, was established by the City to account for the operations of the ETTP fire station. During fiscal 2012, the contact was extended through September 30, 2015. The City received \$2,504,004 from DOE in fiscal 2015. During fiscal 2016, the contract was extended through September 30, 2019.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

3. DEPARTMENT OF ENERGY (continued)

In 2008, the City entered into a 5-year agreement with DOE and DOE's ETPP site contractor, under which the City assumed responsibility for water and wastewater services to the ETPP site. The City acquired the ETPP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETPP site. The ETPP water plant is near the end of its useful life. Under terms of the contract, DOE through its contractor will provide funding to fully operate the water plant and provide \$500,000 each year of the contract for the City to build new infrastructure from the City's main water plant to serve the ETPP site. On May 29, 2008, the City assumed water and wastewater operations to the ETPP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. Under terms of the contract, the City will receive a base amount from each year, reduced by revenues the City receives from other City customers that are serviced by the ETPP water plant and the City's Rarity Ridge wastewater plant during that time frame. During fiscal 2013, the contract was extended to September 30, 2014. The City received \$377,687 under this contact in fiscal 2015.

4. GENERAL INFORMATION ABOUT THE PENSION PLANS

City Employees

Plan Description

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

4. GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

Benefits Provided (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	222
Inactive employees entitled to but not yet receiving benefits	163
Active employees	<u>352</u>
Total	<u><u>737</u></u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Oak Ridge were \$2,774,706 based on a rate of 14.98 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Oak Ridge's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Oak Ridge City School Employees – Non-Teaching Personnel

Plan Description

Non-teaching employees in the Oak Ridge City Schools are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

4. GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	205
Inactive employees entitled to but not yet receiving benefits	190
Active employees	191
Total	<u>586</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions were \$604,358 based on a rate of 10.05 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

4. GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

Oak Ridge City School Employees – Teaching Personnel

Plan Description

Teachers in the Oak Ridge City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

4. GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the City if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$2,264,328 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

5. NET PENSION LIABILITY (ASSET), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

A. City Employees

The City's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate or return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

5. NET PENSION LIABILITY (ASSET), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

5. NET PENSION LIABILITY (ASSET), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2013	\$ 91,076,818	\$ 78,041,785	\$ 13,035,033
Changes for the year:			
Service cost	1,425,049	-	1,425,049
Interest	6,762,256	-	6,762,256
Differences between expected and actual experience	575,376	-	575,376
Contributions - employer	-	2,734,100	(2,734,100)
Contributions - employees	-	146	(146)
Net investment income	-	12,763,309	(12,763,309)
Benefit payments, including refunds of employer contributions	(4,676,925)	(4,676,925)	-
Administrative expenses		(17,826)	17,826
Net changes	<u>4,085,756</u>	<u>10,802,804</u>	<u>(6,717,048)</u>
Balance at June 30, 2014	<u>\$ 95,162,574</u>	<u>\$ 88,844,589</u>	<u>\$ 6,317,985</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability (asset)	\$17,993,955	\$ 6,317,985	\$ (3,488,027)

Pension Expense

For the year ended June 30, 2015, the City recognized pension expense of \$1,124,527.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

5. NET PENSION LIABILITY (ASSET), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 479,480	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,586,955
Contributions subsequent to the measurement date of June 30, 2014	<u>2,774,706</u>	<u>-</u>
Total	<u>\$ 3,254,186</u>	<u>\$ 5,586,955</u>

The amount shown above for "contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2016	\$(1,300,843)
2017	(1,300,843)
2018	(1,300,843)
2019	(1,300,843)
2020	95,897

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2015, there was no payable outstanding for contributions to the pension plan.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

5. NET PENSION LIABILITY (ASSET), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

B. Oak Ridge City School Employees – Non-Teaching Personnel

Pension Liabilities

Since the measurement date is June 30, 2014, which is prior to the School's October 1, 2014, participation in the Public Employee Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Pension Expense

Since the measurement date is June 30, 2014, the Schools did not recognize a pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the Schools reported deferred outflows of resources related to pensions from the following source:

	<u>Deferred Outflows of Resources</u>
Contributions subsequent to the measurement date of June 30, 2014	\$ 604,358

The School's employer contributions of \$604,358 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

Payable to the Pension Plan

At June 30, 2015, the Schools reported a payable of \$80,770 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

C. Oak Ridge City School Employees – Teaching Personnel

Pension Assets

At June 30, 2015, the Schools reported an asset of \$104,527 for their proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate net pension asset was determined by an actuarial valuation as of that date. The School's proportion of the net pension asset was based on a projection of their long-term share of contributions to the pension plan relative to the actuarially determined projected contributions of all participating LEAs. At June 30, 2015, the School's proportion was 0.643262 percent, representing the first time presentation of this proportion.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

5. NET PENSION LIABILITY (ASSET), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Pension Income

For the year ended June 30, 2015, the Schools recognized pension income of \$120,675.

Deferred Outflow of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 253,766	\$ -
Net difference between projected and actual earnings on pension plan investments	-	8,612,373
Changes in proportion of net pension liability (asset)	-	186,178
Contributions subsequent to the measurement date of June 30, 2014	2,264,328	-
Total	<u>\$2,518,094</u>	<u>\$ 8,798,551</u>

The School's employer contributions of \$2,264,328, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$(2,141,829)
2017	(2,141,829)
2018	(2,141,829)
2019	(2,141,829)
2020	11,266
Thereafter	11,265

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

5. NET PENSION LIABILITY (ASSET), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Actuarial Assumptions

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate or return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

5. NET PENSION LIABILITY (ASSET), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the School's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability (asset)	\$17,629,687	\$ (104,527)	\$(14,786,534)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2015, the Schools reported a payable of \$301,041 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

6. POSTEMPLOYMENT HEALTHCARE PLAN

A. City Employees Other Than Schools

Plan Description

The City participates in the state administered Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by TCA 8-27-207. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in that state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state website at <http://www.tn.gov/finance>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claim liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The State does not provide a subsidy to local government participants.

Eligibility

The City will pay 50% of the medical insurance premium for eligible retired employees and their spouses for 7 years or until the employee/spouse becomes Medicare eligible, whichever is earlier. To be eligible, employees must have 30 years of service and must have been on the insurance plan for one full year prior to retirement or 20 years of service and age 55 and on the insurance plan one full year prior to retirement or 10 years of service and age 55 and on the insurance plan three full years prior to retirement. The City will pay 100% of a surviving spouse's medical premium for 6 months.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

6. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of governmental accounting standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost and net OPEB obligation for the current year was as follows:

Annual Required Contribution (ARC)	\$ 295,466
Interest on net OPEB obligation	27,494
Adjustment to the ARC	<u>(34,239)</u>
Annual OPEB cost	288,721
Contributions Made	<u>(191,695)</u>
Increase in net OPEB obligation	97,026
Net OPEB obligation, beginning of year	687,343
Net OPEB obligation, end of year	<u><u>\$ 784,369</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is as follows:

Three-Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$288,721	66.4%	\$784,369
June 30, 2014	303,096	74.3%	687,343
June 30, 2013	293,293	66.5%	609,583

Funded Status and Progress

The funded status of the plan as of June 30, 2015, is as follows:

Actuarial Valuation Date	<u>July 1, 2014</u>
Actuarial Accrued Liability (AAL)	\$ 2,826,816
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 2,826,816</u></u>
Actuarial Value of Assets as a Percentage of AAL	0.00%
Covered Payroll (active plan members)	\$ 9,275,000
UAAL as a Percentage of Covered Payroll	30.5%

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

6. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between employer and plan members to that point. Actuarial calculations reflect a long-term perspective. In the July 1, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.0% funding interest rate and an annual healthcare trend rate of 7.5% for 2015. The healthcare trend rate will decrease by 0.5% annually to an ultimate medical cost trend rate of 5% by 2020. Both rates include a 2.5% inflation assumption. The annual payroll growth rate is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis with the remaining amortization period for the unfunded actuarial accrued liability as of June 30, 2015 of 22 years.

B. Oak Ridge Schools

Plan Description

The Oak Ridge Schools participate in the state-administered Teacher Group Insurance Plan (the Plan) for healthcare benefits. For accounting purposes, the Plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by TCA 8-27-302 for teachers.

Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee CAFR. The CAFR is available on the State's website at <http://www.tn.gov/finance>.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

6. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The State does provide a partial subsidy to the School's pre-age 65 teachers and a full subsidy based on years of service for post-age 65 teachers in the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

The School's annual OPEB cost and net OPEB obligation as of June 30, 2015 are as follows:

Annual Required Contribution (ARC)	\$ 642,000
Interest on net OPEB obligation	218,052
Adjustment to the ARC	<u>212,436</u>
Annual OPEB cost	1,072,488
Contributions made	<u>(355,992)</u>
Increase in OPEB obligation	716,496
Net OPEB obligation, beginning of year	<u>5,451,305</u>
Net OPEB obligation, end of year	<u><u>\$ 6,167,801</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is as follows:

Three-Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 1,072,487	33.2%	\$ 6,167,801
June 30, 2014	1,003,355	40.5%	5,451,306
June 30, 2013	911,339	42.9%	4,854,459

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

6. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Funded Status and Progress

The funded status of the plan as of June 30, 2015, is as follows:

Actuarial Valuation Date	July 1, 2013
Actuarial Accrued Liability (AAL)	\$ 6,214,000
Actuarial Value of Plan Assets	-
Total Unfunded AAL	<u>\$ 6,214,000</u>
Funded Ratio (Actuarial Value of Assets as a Percentage of the Annual Covered Payroll)	0.0%
Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll	\$25,247,984 24.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of cost between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5% initially for the Employee Group, and the Local Education plans. The rate decreases to 7% in fiscal year 2015, and then will reduce by decrements to an ultimate rate of 4.7% in fiscal year 2044. All rates include a 2.5% inflation assumption. Premium subsidies in the Medicare Supplement plan are projected to remain unchanged and, consequently, trend rates are not applicable.

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning July 1, 2007. Payroll is assumed to grow at a rate of 3%.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

7. ON-BEHALF PAYMENTS

The State of Tennessee made the following on-behalf payments during the year ended June 30, 2015:

Medicare Supplement Plan

Since teachers are considered state employees per state statutes, the State of Tennessee makes a contribution (on-behalf payments) for retired teachers to this Plan through the TCRS. The on-behalf payment for 2015 was \$58,475 and has been recorded as a revenue and expenditure in the General Purpose School Fund.

Teacher Group Insurance Plan

The State of Tennessee makes a contribution (on-behalf payment) for retired teachers who participate in the State-administered Teacher Group Insurance Plan through TCRS as described in Note 5. The on-behalf payment for 2015 was \$111,810 and has been recorded as a revenue and expenditure in the General Purpose School Fund.

8. TERMINATION BENEFITS

Retired employees from the City, excluding employees working in the school system, may continue their individual or family hospitalization insurance coverage through the City. The City will pay 50% of the premium costs, up to 7 years after retirement or until the retiree reaches age 65. To receive this benefit at retirement, the employee must be age 55 with 10 years of service and at least three full years of insurance coverage immediately prior to retirement or age 55 with 20 years of service and one full year of insurance coverage. The election to continue insurance coverage must be made at the time of retirement from the City. During fiscal 2015, the City contributed \$118,969 toward retiree's insurance premium costs with 25 retirees receiving the benefit at fiscal year-end. At fiscal year-end, there were 369 active members in the plan. The City funds its contribution of the retiree's insurance premiums on a pay-as-you-go basis.

The Schools provide voluntary termination benefits for professional employees who agree to retire before age 65. Employees who retire at age 60, or after 30 years of creditable service in the TCRS with at least 10 years of service with the Schools, 85% of the retirees' individual health insurance premium will be paid by the Schools for five years or until the retiree reaches age 65. The Schools fund their contributions on a pay-as-you-go basis. During 2015, the Schools paid approximately \$60,510 to 23 retirees, which has been recorded as an expenditure in the General Purpose School Fund.

The estimated liability and expense of school employee termination benefits reported in the government-wide financial statements is \$306,210. Termination benefits are measured at the discounted present value of expected future benefit payments. A discount rate of 1.62% and a projected annual healthcare cost trend rate of 12.0% were used to estimate the effect of making these payments over a five-year period.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

9. ACCOUNTS RECEIVABLE

Customers are billed for electric and waterworks services monthly on a cyclical basis. Unbilled revenue for utility services rendered but not yet billed as of the close of the fiscal year in the amount of \$1,991,266 was recorded in the Electric Fund and \$715,724 in Waterworks Fund at June 30, 2015.

Receivables at June 30, 2015 consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Customer Accounts</u>	<u>Other</u>	<u>Gross Receivables</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General	\$21,730,101	\$ 663,036	\$473,974	\$22,867,111	\$(1,088,834)	\$21,778,277
General Purpose						
School	-	8,894	-	8,894	-	8,894
Electric	-	8,364,726	-	8,364,726	(1,485,211)	6,879,515
Waterworks	-	2,366,844	-	2,366,844	-	2,366,844
Nonmajor	-	11,148	-	11,148	-	11,148
City Equipment Replacement	-	-	4,774	4,774	-	4,774
Total	\$21,730,101	\$11,414,648	\$478,748	\$ 33,623,497	\$(2,574,045)	\$ 31,049,452

10. DEPOSITS AND INVESTMENTS

The unrestricted cash of the City's various funds, excluding the School funds, are pooled for investment purposes as described in Note 11.

Deposits

At year-end, the carrying amount of the City's deposits was \$10,672,467. Deposit policies authorize the City to maintain their operating and excess funds in bank accounts and certificates of deposit with banks or credit unions that have a branch located within the Oak Ridge city limits. Banks or credit unions shall be fully insured by the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). In addition, accounts with balances in excess of FDIC or NCUA insurance levels must participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

At June 30, 2015, all deposits were fully insured or held in financial institutions that participate in the Tennessee Bank Collateral Pool administered by the Treasurer's Office of the State of Tennessee. Banks may use one of three different security pledges (90%, 100% or 105%) depending on the specific bank holding the deposit. Financial institutions participating in the bank collateral pool determine the aggregate balance of their public funds and report that to the Treasurer's Office. Participating financial institutions pledge the collateral securities required to protect their public fund accounts to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

10. DEPOSITS AND INVESTMENTS (continued)

Investments

The City's investments at fiscal year-end were in the State of Tennessee Local Government Investment Pool (LGIP) and Certificates of Deposit. The responsibility for conducting the LGIP's investment program resides with the State Treasurer and investments are made in instruments authorized by Tennessee Code Annotated, Section 9-4-602. The LGIP is a SEC 2a-7-like fund and the carrying value of the City's investment held by the LGIP at fiscal year-end of \$37,567,267 is based on the LGIP share price. The shares in the Local Government Investment Pool are constant dollar. Therefore, the fair value of the position in the Pool is the same as the value of the Pool shares.

The Oak Ridge Schools maintain investments in certificates of deposits. Banks or credit unions holding the certificates of deposit shall be fully insured by the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). In addition, accounts with balances in excess of FDIC or NCUA insurance levels must participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

As of June 30, 2015, the City had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Less than 1 year</u>	<u>More than 1 year</u>
State of Tennessee Local Government Investment Pool	\$37,567,267	\$37,567,267	\$ -

Investment income (loss) in the Scholarship Fund for 2015 consisted of the following:

Interest and Dividends	<u>\$ 1,232</u>
------------------------	-----------------

Investment Policies

The City and Oak Ridge Schools maintain similar investment policies with any variances between policies noted below. The City's investment policies are in accordance with state law which outlines authorized municipal government investments in Tennessee Code Annotated (TCA) Section 6-56-106. The investment policies exclude investment of bond proceeds held by trustees.

Interest Rate Risk: Investments are based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved upon by the sale of an investment prior to its maturity, with the reinvestment of the proceeds, then this provision is allowed. The City restricts investment length as outlined in TCA 6-56-106, which generally restricts maturity of not greater than four years from date of investment. The Schools further limits the weighted-average maturity of its investment portfolio in the governmental and proprietary funds to one year or less. No security at the time of purchase shall have a maturity exceeding one year. The Schools manage its interest rate risk by limiting the weighted-average maturity of its investment portfolio in the Scholarship Fund to ten years or less. No security, at the time of purchase in the Scholarship Fund, shall have maturity exceeding ten years.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

10. DEPOSITS AND INVESTMENTS (continued)

Credit Risk: State statutes authorize the City and Schools to invest in obligations of the federal government, federal agency securities, state government, state local government investment pool (LGIP), municipal bonds issued in Tennessee, Certificates of Deposit and other time deposits and repurchase agreements. Nonconvertible debt securities issued by the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank and the Student Loan Marketing Association and municipal bonds must be rated in the highest category by at least two nationally recognized rating services.

Custodial Credit Risk: All safekeeping receipts for investment instruments are to be held in accounts in the City's name. The School's investment policy requires that investment securities be registered in the name of the Oak Ridge Schools.

Concentration of Credit Risk: The City, excluding the Schools, limits its investment concentration to 40% of the total portfolio in any one investment type, excluding US Treasury securities and the State Local Government Investment Pool (LGIP), which may be at 100%. The City also restricts investment purchases from any one financial institution to 60% or less of the City's total portfolio.

Concentration of Credit Risk: The City, excluding the Schools, limits its investment concentration to 40% of the total portfolio in any one investment type, excluding US Treasury securities and the State Local Government Investment Pool (LGIP), which may be at 100%. The City also restricts investment purchases from any one financial institution to 60% or less of the City's total portfolio.

Component Unit – Education Foundation

At June 30, 2015, the Education Foundation had the following deposits and investments.

<u>Description</u>	<u>Fair Value</u>
Bank Deposits:	
Bank Deposits and Certificates of Deposit	\$ 171,664
Investments:	
Money Market Accounts	26,026
U.S. Treasury Bonds	2,342,525
Mutual Funds	<u>3,089,825</u>
Total Investments	<u>5,458,376</u>
Total	<u>\$ 5,630,040</u>

Short-term investments held in money market accounts are reported as investments instead of cash equivalents because the Foundation holds those funds for restricted purposes.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

10. DEPOSITS AND INVESTMENTS (continued)

A reconciliation of investments as shown on the statement of net position at June 30, 2015, is as follows:

Investments, at Fair Value - Current Assets	\$ 4,930,122
Investments, at Fair Value - Other Assets	528,254
	<u>\$ 5,458,376</u>

Investment income for 2015 consisted of the following:

Interest and Dividends	\$ 132,638
Realized Gains on Investments	133,118
Unrealized Losses on Investments	(114,922)
Fees	(15,659)
Total	<u>\$ 135,175</u>

The Foundation had the following unconditional promises to give at June 30, 2015 (see Note 1 for the Foundation's year-end):

Due Within One Year	\$ 53,600
Due in One to Five Years	<u>47,075</u>
Gross Receivable	100,675
Less: Discounts to Net Present Value	(1,368)
Less: Allowance for Uncollectible	<u>(10,068)</u>
Total Unconditional Promises to Give	<u>\$ 89,239</u>
Due Within One Year	\$ 47,504
Due Within One to Five Years	<u>41,735</u>
Due Within One Year	<u>\$ 89,239</u>

11. POOLED CASH AND INVESTMENTS

The City maintains a pooled cash and investment account that is available for use by all funds, except the School funds and those restricted by State statutes or other legal requirements. Each fund's positive equity in the pooled cash and investment account is presented as "Cash and Cash Equivalents" or "Investments" on the balance sheet as applicable. Negative equity balances have been reclassified and are reflected as due to/from other funds. Interest income and expense are allocated to the various funds based upon their average monthly equity balances.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

12. RESTRICTED ASSETS

Restricted assets of \$67,369 in the State Street Aid Fund, a special revenue fund, is for the City's share of expenditures related to State of Tennessee street resurfacing projects in Oak Ridge. The \$7,196,838 in restricted assets in the Debt Service Fund is from that portion of local sales tax collections that resulted from a .50% increase in the sales tax approved by Oak Ridge voters at referendum. Restricted assets in the Emergency Communications District Fund of \$850,285 are from unspent grant proceeds on deposit at the City for upgrades to the City's radio communications system. A corresponding liability amount of \$850,285 is shown on the balance sheet of the Emergency Communications District Fund as a deferred inflow. The Waterworks Fund had \$1,907,268 in remaining bond proceeds from the August 2013 debt issuance. The Waterworks Fund's restricted assets include \$266,841 in contractor retainage deposits. A corresponding liability amount of \$266,841 is included in contracts payable on the balance sheet of the Waterworks Fund. The Electric Fund's restricted assets is comprised of funds set aside to satisfy legal covenants regarding debt service on Electric Fund long-term debt issuances.

The governmental and proprietary funds restricted assets at June 30, 2015, are as indicated below:

	Governmental-type Activities		Business-type Activities			Total
	State Street Aid Fund	Debt Service Fund	Electric Fund	Waterworks Fund	Emergency Communication District Fund	
Capital Projects						
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ 850,285	\$ 850,285
Bond Proceeds	-	-	-	1,907,268	-	1,907,268
City Share of Capital Projects	67,369	-	-	-	-	67,369
Retainage	-	-	-	266,841	-	266,841
Debt Service	-	7,196,838	83,200	-	-	7,280,038
Total	\$ 67,369	\$7,196,838	\$83,200	\$2,174,109	\$ 850,285	\$10,371,801

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

13. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases and Reclassification	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,221,245	\$ 262,577	\$ (124,000)	\$ 3,359,822
Construction in Progress	538,312	29,373	(538,312)	29,373
Total Capital Assets Not Being Depreciated	3,759,557	291,950	(662,312)	3,389,195
Capital Assets Being Depreciated:				
Infrastructure	52,462,596	550,651	-	53,013,247
Buildings	132,882,494	141,516	-	133,024,010
Improvements Other than Buildings	14,780,202	1,040,572	-	15,820,774
Machinery and Equipment	30,503,840	2,809,276	(883,550)	32,429,566
Total Capital Assets Being Depreciated	230,629,132	4,542,015	(883,550)	234,287,597
Less Accumulated Depreciation for:				
Infrastructure	(22,444,645)	(1,060,264)	-	(23,504,909)
Buildings	(52,043,814)	(3,106,267)	-	(55,150,081)
Improvements Other than Buildings	(7,687,855)	(650,324)	-	(8,338,179)
Machinery and Equipment	(19,745,129)	(1,827,771)	883,507	(20,689,393)
Total Accumulated Depreciation	(101,921,443)	(6,644,626)	883,507	(107,682,562)
Total Capital Assets Being Depreciated, Net	128,707,689	(2,102,611)	(43)	126,605,035
Governmental Activities Capital Assets, Net	<u>\$132,467,246</u>	<u>\$ (1,810,661)</u>	<u>\$ (662,355)</u>	<u>\$129,994,230</u>

Depreciation was charged to functions of the primary government as follows:

General Government	\$ 180,979
Public Safety	523,294
Public Works	1,517,651
Community Service	918,286
Education	3,504,416
Total Depreciation Expense	<u>\$ 6,644,626</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

13. CAPITAL ASSETS (continued)

Capital asset activity for the business-type activities for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases and Reclassifications	Ending Balances
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 880,193	\$ -	\$ -	\$ 880,193
Construction in Progress	4,207,900	17,796,141	(17,724,041)	4,280,000
Total Capital Assets Not Being Depreciated	5,088,093	17,796,141	(17,724,041)	5,160,193
Capital Assets Being Depreciated				
Electric Plant in Service				
Transmission	11,345,993	110,410	-	11,456,403
Distribution	72,271,812	2,847,830	(159,896)	74,959,746
Water Plant in Service	70,331,524	2,752,243	(3,032,760)	70,051,007
Wastewater Plant in Service	89,820,194	12,170,618	(1,522,678)	100,468,134
Equipment	8,549,016	522,448	(14,961)	9,056,503
Total Capital Assets Being Depreciated	252,318,539	18,403,549	(4,730,295)	265,991,793
Less Accumulated Depreciation for:				
Electric Plant in Service				
Transmission	(4,447,954)	(340,656)	-	(4,788,610)
Distribution	(30,167,230)	(1,700,934)	373,754	(31,494,410)
Water Plant in Service	(29,999,662)	(2,199,380)	2,623,000	(29,576,042)
Wastewater Plant in Service	(33,802,581)	(2,308,653)	1,522,677	(34,588,557)
Equipment	(5,194,309)	(552,074)	14,160	(5,732,223)
Total Accumulated Depreciation	(103,611,736)	(7,101,697)	4,533,591	(106,179,842)
Total Capital Assets Being Depreciated, Net	148,706,803	11,301,852	(196,704)	159,811,951
Business-type Activities Capital Assets, Net	<u>\$153,794,896</u>	<u>\$ 29,097,993</u>	<u>\$(17,920,745)</u>	<u>\$164,972,144</u>

Depreciation was charged to business-type activities of the primary government as follows:

Electric	\$ 2,195,340
Waterworks	4,716,177
Emergency Communications	190,180
Total Depreciation Expense	<u>\$ 7,101,697</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2015:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
Governmental Activities:					
General Fund:					
General Obligation Bonds	\$ 33,065,000	\$ -	\$ (3,050,000)	\$30,015,000	\$ 3,135,000
Qualified Zone Academy Bonds	3,565,929	-	(509,419)	3,056,510	509,418
Notes Payable	53,658,053	-	(478,000)	53,180,053	492,000
Unamortized Debt Discount	(1,067)	-	557	(510)	(510)
Unamortized Debt Premium	1,380,259	-	(211,570)	1,168,689	179,950
Capital Lease Obligations	531,707	-	(410,394)	121,313	121,313
Compensated Absences	2,499,602	2,139,322	(2,181,551)	2,457,373	2,102,218
School Termination Benefits	440,480	-	(134,270)	306,210	50,785
OPEB Obligation	5,917,679	1,291,791	(509,411)	6,700,059	-
City Equipment Replacement					
Rental Fund:					
General Obligation Bonds	650,000	-	(200,000)	450,000	-
Unamortized Bond Discount	(3,900)	-	3,900	-	-
Unamortized Reoffering Premium	2,453	-	(499)	1,954	499
Capital Lease Obligations	-	964,291	(68,909)	895,382	68,477
Compensated Absences	42,029	59,959	(44,980)	57,008	40,549
OPEB Obligation	14,592	6,853	(4,794)	16,651	-
Total Long-term Liabilities -					
Governmental Activities:	<u>\$101,762,816</u>	<u>\$4,462,216</u>	<u>\$(7,799,340)</u>	<u>\$98,425,692</u>	<u>\$6,699,699</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

The following is a summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2015:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
Business-type Activities:					
Electric Fund:					
Bonds	\$16,955,000	\$ -	\$ (925,000)	\$16,030,000	\$ 960,000
Notes Payable	3,527,627	-	(163,111)	3,364,516	213,448
Unamortized Reoffering Premium	169,498	-	(36,286)	133,212	28,119
Compensated Absences	294,307	292,735	(316,661)	270,381	192,320
OPEB Obligation	63,843	29,983	(20,975)	72,851	-
Waterworks Fund:					
General Obligation Bonds	33,565,000	-	(1,065,000)	32,500,000	830,000
Notes Payable	14,785,995	352,825	(604,888)	14,533,932	631,551
Interfund Note Payable	1,428,572	-	(238,095)	1,190,477	238,095
State Revolving Fund Program Loan	3,547,607	6,662,797	(188,664)	10,021,740	444,116
Unamortized Bond Discount	(6,757)	-	3,685	(3,072)	(3,071)
Unamortized Reoffering Premium	613,658	-	(33,372)	580,286	33,372
Compensated Absences	763,288	443,628	(427,262)	779,654	554,562
OPEB Obligation	142,534	66,820	(46,745)	162,609	-
Emergency Communications Fund:					
Capital Lease Obligation	411,096	-	(130,428)	280,668	136,924
Total Long-term Liabilities - Business-type Activities	\$76,261,268	\$7,848,788	\$(4,192,802)	\$79,917,254	\$4,259,436

Compensated absences and OPEB obligation are generally liquidated by the General Fund, General Purpose School Fund, City Equipment Replacement Rental Fund, Electric Fund and Waterworks Fund. The School termination benefits are liquidated by the General Purpose School Fund. The State of Tennessee makes on-behalf payments for the other postemployment benefits (OPEB) obligation for the school teachers as described in Note 7.

A. Long-Term Debt – Governmental Activities

General Obligation Bonds – General Fund

The debt amortized below includes \$9,300,000 in taxable general obligation Build America Bonds (BABS) issued in November 2009 for various city capital projects, including completion of the Oak Ridge High School renovation. The federal government provides a 35% subsidy on the interest payment due on these bonds. The bonds mature in 2041 with interest rates ranging from 5.63% to 6.5%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. The City's June 2014 interest subsidy payments were reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2015. The treasury rebate amortized in the table below is based on a 7.3% subsidy reduction. Interest subsidies received totaled \$187,309 during the year ended June 30, 2015.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2015, are as follows:

Fiscal Year Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2016	\$ 3,135,000	\$ 1,454,557	\$ (187,310)	\$ 1,267,247	\$ 4,402,247
2017	3,260,000	1,347,507	(187,310)	1,160,197	4,420,197
2018	3,420,000	1,194,007	(187,310)	1,006,697	4,426,697
2019	3,195,000	1,057,207	(187,310)	869,897	4,064,897
2020	3,305,000	933,568	(187,309)	746,259	4,051,259
2021-2025	4,950,000	3,124,940	(936,545)	2,188,395	7,138,395
2026-2030	2,250,000	2,410,625	(782,126)	1,628,499	3,878,499
2031-2035	-	2,068,750	(671,205)	1,397,545	1,397,545
2036-2040	5,000,000	1,915,000	(621,321)	1,293,679	6,293,679
2041	1,500,000	97,500	(31,634)	65,866	1,565,866
Total	<u>\$ 30,015,000</u>	<u>\$ 15,603,661</u>	<u>\$ (3,979,380)</u>	<u>\$ 11,624,281</u>	<u>\$ 41,639,281</u>

The following is a summary of the City's general obligation bonded debt transactions funded by the General Fund for the year ended June 30, 2015:

	Governmental Activities			Balance 6/30/15
	Balance 7/1/14	Additions / Transfers	Reductions	
Series 2009, GO Refunding Bonds Issue: \$17,215,000, Maturing 2022 Interest Rate: 3.00% - 5.00%	17,215,000	-	1,005,000	16,210,000
Series 2009B, Build America Bonds (BABS) Issue: \$9,300,000, Maturing 2041 Interest Rate: 5.63% - 6.50% Interest Treasury Subsidy: 35% of Interest Payment	9,300,000	-	-	9,300,000
Series 2010, GO Refunding Bonds Issue: \$5,240,000, Maturing 2021 Interest Rate: 3.00% - 4.00%	3,600,000	-	445,000	3,155,000
Series 2011, GO Refunding Bonds Issue: \$7,420,000, Maturing 2015 Interest Rate: 2.00%	300,000	-	300,000	-
Series 2013, GO Refunding Bonds Issue: \$3,345,000, Maturing 2016 Interest Rate: 2.00%	2,650,000	-	1,300,000	1,350,000
Total General Obligation Bonded Debt	<u>\$33,065,000</u>	<u>\$ -</u>	<u>\$3,050,000</u>	<u>\$30,015,000</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

In December 2015, the City issued \$9,140,000 in General Obligation Refunding Bonds Series 2015A for a current refunding of \$9,650,000 from General Obligation Series B-9-A Bonds. These bonds were issued at a premium of \$622,657. The underwriters discount was \$29,782 with an additional \$82,874 in other issuance costs. The interest rate ranges from 2% to 5% with maturity in 2024. The refunding was done to reduce the total future debt service payments. The transaction resulted in an economic gain of \$1,501,044 and a reduction of \$1,794,291 in future debt service payments.

In December 2015, the City issued \$9,445,000 in General Obligation Refunding Bonds Series 2015B for a current refunding of \$3,990,000 from General Obligation Series B-9-A Bonds and \$5,455,000 from General Obligation Series B-11-A Bonds. These bonds were issued at a premium of \$147,148. The underwriters discount was \$63,188 with an additional \$87,475 in other issuance costs. The interest rate ranges from 2% to 3% with maturity in 2032. The refunding was done to reduce the total future debt service payments. The transaction resulted in an economic gain of \$2,900,185 and a reduction of \$4,777,580 in future debt service payments.

Qualified Zone Academy Bonds (QZAB) – General Fund

The City issued \$7,049,360 in Qualified Zone Academy Bonds (QZAB) in fiscal 2005 and \$1,032,500 in fiscal 2006. QZAB's are a federal program, administered through state department of educations, which provide interest free loans to finance eligible school renovations. The Tennessee Department of Education and the State Comptroller's Office are administrators of the loan. The Foundation funds the School's required private contribution. Immediately upon issuance, the debt proceeds were deposited with the State to be drawn by the Schools as expenditures occur. A \$509,418 annual loan payment is scheduled each year through December 2020. The actual payment required by the City will be adjusted by the State each year, reflecting an adjustment for interest earned on the bond escrow account.

Projected amortization schedule for QZAB are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2016	\$ 509,418	\$ 2,445	\$ 511,863
2017	509,418	2,445	511,863
2018	509,419	2,445	511,864
2019	509,418	2,445	511,863
2020	509,418	2,445	511,863
2021	509,419	2,445	511,864
Total	<u>\$ 3,056,510</u>	<u>\$ 14,670</u>	<u>\$ 3,071,180</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

Notes Payable – General Fund

In fiscal 1995, the City executed a loan agreement with the Tennessee Municipal Bond Fund (TMBF) for \$1,247,994 to fund a grant to the Roane State Foundation for the purpose of purchasing land for a permanent Roane State Community College campus in Oak Ridge and storm drainage improvements. Remaining principal payments occur from 2017 through 2023. The loan had a principal balance of \$568,765 at June 30, 2015. Annual interest payments are amortized below using a .99% interest rate, which was the actual weekly rate at June 30, 2015.

In August 2001, City Council authorized the issuance of \$1,000,000 in general obligation debt through the TMBF to finance the expansion, renovation and equipping of the Scarboro Center. The United States Department of Housing and Urban Development (HUD) has approved a \$95,000 annual grant award that is to finance the annual principal and interest payments through the loans maturity in 2017. At June 30, 2015, the outstanding principal balance of the loan was \$124,000. Annual interest payments are amortized below using a 1.38% interest rate, which was the actual weekly rate at June 30, 2015.

On February 25, 2005, the City entered into a \$15,000,000 loan agreement with the Public Building Authority of Blount County to fund a portion of the costs for the ORHS project. At June 30, 2015, the outstanding principal balance of the loan was \$13,650,000. The interest rate on the fixed rate loan is between 3.0% and 4.125%, with maturity in fiscal 2025.

On December 21, 2006, the City entered into a \$5,325,000 loan agreement with the Public Building Authority of Blount County to fund a portion of the costs for renovation and new construction of the ORHS Project. At June 30, 2015, the outstanding principal balance of the loan was \$5,325,000. This is a fixed interest rate issuance at 4.375% with principal payments occurring in 2037 and 2038.

On April 16 2008, the City executed a loan agreement with the TMBF for \$11,000,000 of which \$7,752,288 was used to fund costs for renovation and new construction of the ORHS project and other school capital projects. The remaining loan proceeds were used to fund electric and waterworks projects. At June 30, 2015, the outstanding principal balance of the loan was \$7,637,288. Principal payments began in 2014 with maturity in 2027. Annual interest payments are amortized below using a 0.80% interest rate, which was the actual weekly rate at June 30, 2015.

Notes payable also includes \$25,875,000 in outstanding debt with the TMBF to fund costs for renovation and construction of the ORHS project for which the City has entered into interest rate swap agreements. See Note 15.

Projected debt service requirements to maturity for notes payable are as outlined below. The interest rate varies on a weekly basis and is paid monthly for the TMBF loans. Annual interest payments on variable interest rate loans are amortized using the actual weekly rate at June 30, 2015. For budgeting purposes, the City uses a 4.5% to 5% interest rate for variable rate loans.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2015	\$ 492,000	\$ 1,801,404	\$ 2,293,404
2016	552,722	1,786,168	2,338,890
2017	570,326	1,768,734	2,339,060
2018	625,251	1,749,284	2,374,535
2019	655,512	1,727,859	2,383,371
2020-2024	15,461,954	7,567,516	23,029,470
2025-2029	11,672,288	5,092,205	16,764,493
2030-2034	15,335,000	3,128,565	18,463,565
2035-2038	7,815,000	670,083	8,485,083
Total	<u>\$ 53,180,053</u>	<u>\$ 25,291,818</u>	<u>\$ 78,471,871</u>

City Equipment Replacement Rental Fund

In November 2009, the City issued \$20,000,000 in taxable general obligation Build America Bonds (BABS) for various City capital projects. The debt amortized below includes \$700,000 of the \$20,000,000 BABS obligation used to purchase computer hardware. The federal government provides a 35% subsidy on the interest payment due on these bonds. The bonds mature in 2019 with interest rates ranging from 2.875% to 4.63%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Since 2013, the City's interest subsidy payments have been reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2016. The treasury rebate amortized in the table below is based on a 7.3% subsidy reduction. Interest subsidies received totaled \$8,476 during the year ended June 30, 2015.

Debt service requirements to maturity for Equipment Replacement Rental Fund general obligation debt for the fiscal year ended June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Governmental Activities				
	BABS				Total Requirements
	Principal	Coupon Interest	Treasury Rebate	Net Interest	
2016	\$ -	\$ 19,875	\$ (6,448)	\$ 13,427	\$ 13,427
2017	150,000	19,875	(6,448)	13,427	163,427
2018	-	13,875	(4,502)	9,373	9,373
2019	300,000	13,875	(4,502)	9,373	309,373
Total	<u>\$ 450,000</u>	<u>\$ 67,500</u>	<u>\$ (21,900)</u>	<u>\$ 45,600</u>	<u>\$ 495,600</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

Capital Leases Obligations

On July 10, 2012, the Schools entered into a \$479,112 capitalized lease purchase agreement with California First National Bank for the purchase of technology equipment. Of the technology equipment included in the lease purchase agreement, only software of \$25,000 was capitalized, as all other equipment cost less than \$5,000, individually, and these were expensed in accordance with the School's capitalization policy as described in Note 1. Terms of the lease required an initial payment of \$124,550 and three annual payments of \$124,550 at 2.668% interest through July 10, 2015. The principal balance was \$121,313 at June 30, 2015.

In fiscal 2014, the City entered into a \$964,291 lease purchase for two fire pumper trucks which were delivered to the City in August 2014. Terms of the lease call for annual lease payments of \$98,937 from November 2014 to November 2025. Interest is at 3.35%. The gross amount of assets recorded under the capital lease was \$971,596 with \$64,773 recorded in accumulated amortization at June 30, 2015. The City recorded \$64,773 in depreciation expense on this capital lease in 2015.

Principal and interest requirements for governmental capital lease obligations for the fiscal year ended June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	
2016	223,487
2017	98,937
2018	98,937
2019	98,937
2020	98,937
2021-2025	494,685
2026	<u>98,937</u>
Total Future Minimum Lease Payments	1,212,857
Less:	
Amount Representing Interest	(196,162)
Current Portion of Capital Leases	<u>(189,790)</u>
Long-term Capitalized Lease Obligation	<u>\$ 826,905</u>

B. Long-term Debt – Business-type Activities

Bonds

Revenue Bonds

In March 2003, the City issued \$12,425,000 in Electric Revenue Refunding Bonds, Series 2003 to refund portions of outstanding Electric Fund debt. This bond issuance was payable solely from and secured by the income and revenues from the operation of the electric power distribution system, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring said system. Principal payments will occur through 2016. Interest rates on the bonds range from 4% to 5%. The principal balance of the bonds is \$960,000 at June 30, 2015.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

General Obligation Bonds

In February 2009, the City issued \$27,285,000 in General Obligation Refunding Bonds Series 2009 which included a current refunding of \$10,380,000 in outstanding Electric Fund variable interest rate revenue debt. The bonds are to be repaid from Electric Fund revenues and accordingly, have been recorded as a long-term liability of the Electric Fund. Principal payments will occur from 2017 through 2025. Interest rates on the bonds range from 2% to 4%. The reacquisition price was \$192,508 less than the net carrying amount of the old debt. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. The principal balance of the bonds is \$10,070,000 at June 30, 2015.

In November 2009, the City issued \$20,000,000 in taxable general obligation BABS for various city capital projects. The City used \$5,000,000 of the bond proceeds for Electric Fund capital projects. The annual debt service requirement on this portion of the BABS is to be repaid from Electric Fund revenues and accordingly, have been recorded as a long-term liability of the Electric Fund. The federal government provides a 35% subsidy on the interest payment due on these bonds. Principal payments will occur from 2028 to 2038 with interest rates ranging from 6% to 6.15%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Since 2013, the City's interest subsidy payments have been reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2016. The treasury rebate amortized in the table below is based on a 7.3% subsidy reduction. Interest subsidies received totaled \$98,235 during the year ended June 30, 2015.

Debt service requirements to maturity for bonds funded by the Electric Fund for the fiscal year ended June 30, 2015, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				
	BABS				
	Principal	Coupon Interest	Treasury Rebate	Net Interest	Total Requirements
2015	\$ 960,000	\$ 789,619	\$ (98,235)	\$ 691,384	1,651,384
2016	1,000,000	751,219	(98,235)	652,984	1,652,984
2017	1,045,000	701,219	(98,235)	602,984	1,647,984
2018	1,055,000	659,419	(98,235)	561,184	1,616,184
2019	1,135,000	617,219	(98,235)	518,984	1,653,984
2020-2024	5,835,000	2,270,051	(491,175)	1,778,876	7,613,876
2025-2029	1,350,000	1,432,875	(464,895)	967,980	2,317,980
2030-2034	2,250,000	838,875	(272,173)	566,702	2,816,702
2035-2038	1,400,000	173,737	(56,369)	117,368	1,517,368
Total	<u>\$16,030,000</u>	<u>\$ 8,234,233</u>	<u>\$ (1,775,787)</u>	<u>\$ 6,458,446</u>	<u>\$22,488,446</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

Electric System Notes Payable

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The outstanding principal balance of the Electric Fund loan liability was \$1,936,220 at June 30, 2015. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.81% interest rate, which was the actual weekly rate at June 30, 2015.

In April 2008, the City executed an \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. The outstanding principal balance of the Electric Fund loan liability was \$1,428,296 at June 30, 2015. Principal payments will occur from 2015 through 2027. Annual interest payments are amortized below using a 0.80% interest rate, which was the actual weekly rate at June 30, 2015.

The interest rate varies on a weekly basis for these two loans. Annual interest payments are amortized below using the actual weekly rate at June 30, 2015. Projected debt service requirements to maturity as of June 30, 2015 as follows:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2016	\$ 213,448	\$ 26,982	\$ 240,430
2017	149,453	25,301	174,754
2018	155,124	24,086	179,210
2019	196,463	22,801	219,264
2020	167,801	21,230	189,031
2021-2025	1,581,426	80,517	1,661,943
2026-2027	900,801	9,303	910,104
Total	<u>\$ 3,364,516</u>	<u>\$ 210,220</u>	<u>\$ 3,574,736</u>

General Obligation Bonds – Waterworks Fund:

On August 15, 2013, the City issued \$23,205,000 in General Obligation Bonds, Series 2013 which refunded the outstanding Series 2003 General Obligation Bonds and the outstanding 1997, 1998 and 2002 State Revolving Fund (SRF) Loans. The Series 2013 Bonds refunded \$19,881,973 in outstanding debt, including \$15,112,030 in SRF wastewater loans and provided an approximate \$3,000,000 in additional funding for sewer projects and \$600,000 for water projects. The bonds revised the City's annual waterworks debt service payments into a more manageable structure. There has been considerable pressure on the wastewater rates since the Administrative Order issued by the United States Environmental Protection Agency (EPA) was received by the City in 2010. The annual debt service payments are to be funded through the applicable water and wastewater rates. Interest rates range from 2% to 4.375% with the bonds maturing in 2034. The principal balance of the bonds outstanding at June 30, 2015 was \$17,990,000.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

In November 2009, the City issued \$20,000,000 in taxable general BABS for various city capital projects. The City used \$5,000,000 of the bond proceeds for Waterworks Fund capital projects. The annual debt service requirement on this portion of the BABS is to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. The federal government provides a 35% subsidy on the interest payment due on these bonds. Principal payments will occur from 2023 to 2030 with interest rates ranging from 5% to 6%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Since 2013, the City's interest subsidy payments have been reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2016. The treasury rebate amortized in the table below is based on a 7.3% subsidy reduction. Interest subsidies received totaled \$94,780 during the year ended June 30, 2015.

On September 29, 2011, the City issued \$9,810,000 in General Obligation Bonds Series 2011B for capital improvements to the City's water and wastewater system. The annual debt service payments are to be funded through the applicable water and wastewater rates. Interest rates range from 2% to 3% with the bonds maturing in 2028. The principal balance of the bonds outstanding at June 30, 2014 was \$9,510,000.

Debt service requirements to maturity for bonds funded by the Waterworks Fund for the fiscal year ended June 30, 2015, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				
			BABS		
	Principal	Coupon Interest	Treasury Rebate	Net Interest	Total Requirements
2016	\$ 830,000	\$ 1,233,925	\$ (94,780)	\$ 1,139,145	\$ 1,969,145
2017	435,000	1,217,325	(94,780)	1,122,545	1,557,545
2018	445,000	1,208,625	(94,780)	1,113,845	1,558,845
2019	480,000	1,197,275	(94,780)	1,102,495	1,582,495
2020	890,000	1,185,125	(94,780)	1,090,345	1,980,345
2021-2025	8,305,000	5,352,038	(459,380)	4,892,658	13,197,658
2026-2030	13,335,000	3,474,477	(251,165)	3,223,312	16,558,312
2031-2034	7,780,000	838,742	-	838,742	8,618,742
Total	<u>\$ 32,500,000</u>	<u>\$ 15,707,532</u>	<u>\$ (1,184,445)</u>	<u>\$ 14,523,087</u>	<u>\$ 47,023,087</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

Notes Payable – Waterworks Fund

The City executed loan agreements for \$6,152,006 and \$3,000,000 during fiscal 1995 and 2001, respectively, with the TMBF to fund water and wastewater system rehabilitation and expansion. The 2003 to 2016 maturities of the 1995 loan were paid from the proceeds of the General Obligation Refunding Bonds Series 2003. The remaining portion of the 1995 loan matures in 2023 and the 2001 loan matures in 2022. The outstanding principal balance on these loans at June 30, 2015 was \$4,196,735. Annual interest payments are amortized below using a .99% and .85% interest rate on the 1995 and 2001 loan, respectively, which was the actual weekly rate at June 30, 2015.

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The outstanding principal balance of the Waterworks Fund portion of the loan was \$3,867,783 at June 30, 2015. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.81% interest rate, which was the actual weekly rate at June 30, 2015.

In April 2008, the City executed an \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. The outstanding principal balance of the Waterworks Fund portion of the loan was \$1,794,416 at June 30, 2015. Principal payments will occur from 2017 through 2027. Annual interest payments are amortized below using a 0.80% interest rate, which was the actual weekly rate at June 30, 2015.

In December 2012, the City executed a \$5,000,000 loan agreement through the TMBF waterworks improvements. The outstanding principal balance of the loan was \$4,675,000 at June 30, 2015. This is a draw loan whereby funds are drawn as work is performed. All available funds have been drawn on this loan at year-end. The loan is for a 20-year term with principal payments beginning in 2014. Annual interest payments are amortized below using a 1.01% interest rate, which was the actual weekly rate at June 30, 2015.

During fiscal 2011, the General Fund loaned the Waterworks Fund \$5,000,000 for bridge financing of waterworks capital improvements. Under Tennessee State Law, these type loans between City funds are required to be in the form of capital outlay notes. State law requires City Council to adopt a resolution authorizing the obligation and obtainment of approval from the Comptroller of the Treasury or Comptroller's designee in accordance with the requirements of Title 9, Chapter 21, Part 6, Tennessee Code Annotated. The interfund loan is dated November 1, 2010. On July 11, 2011, City Council retroactively authorized the issuance of \$5,000,000 in capital outlay notes as of November 1, 2010, and on August 8, 2011 the City received notification of the retroactive approval of the capital outlay notes by the Comptroller's Office. The notes were originally issued for a three year term. Approval must be obtained from the Comptroller in increments of three year periods for a maximum total of nine years. In June 2013, City Council approved an extension of the loan with the expectation that the loan will mature in November 2019. The Comptroller has approved a three year extension of the loan through November 2016. A request to the Comptroller for an additional three year extension will be made at that time. The loan has a 1% interest rate. The capital outlay notes were recorded as an advance to other funds in the City's General Fund and as a liability for notes payable in the Waterworks Fund. The capital outlay notes had an outstanding balance of \$1,190,477 at June 30, 2015.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

The TMBF loans and capital outlay notes are to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. Terms of the TMBF loan agreements provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. Annual interest payments are amortized below using the actual weekly rate at June 30, 2015, with projected debt service requirements to maturity as follows:

Fiscal Year Ending June 30	Business-Type Activities		Total Requirements
	Principal	Interest	
2015	\$ 869,647	\$ 142,675	\$ 1,012,322
2016	1,297,621	134,318	1,431,939
2017	1,358,645	122,305	1,480,950
2018	1,388,581	109,760	1,498,342
2020	1,446,183	96,886	1,543,069
2021-2025	5,720,820	311,561	6,032,381
2026-2030	2,585,912	108,775	2,694,687
2031-2035	1,057,000	20,697	1,077,697
Total	<u>\$ 15,724,409</u>	<u>\$ 1,046,977</u>	<u>\$ 16,771,386</u>

Tennessee State Revolving Fund Loan (SRF) – Waterworks Fund

In June 2013, the State approved the City's application for an \$18,000,000 loan through the SRF to fund wastewater projects mandated to meet terms of an Administrative Order (AO) from the United States Environmental Protection Agency (EPA). The State approved issuance of a \$14,000,000 SRF loan and a \$4,000,000 SRF loan that contains a 10% principal forgiveness. These are draw loans whereby funding draws occur after expenditures for projects are made by the City. The outstanding principal balance of these loans was \$7,889,308 and \$1,884,906, respectively, at June 30, 2015. The interest rate, including fees, is 1.23%. Principal payments begin for a 20-year period when the capital projects are substantially complete.

Debt service payments will be funded by Waterworks Fund revenues from residential and commercial wastewater fees. The City pledged its State-shared tax revenues (state sales, gasoline, beer, TVA replacement, mixed drinks, alcoholic beverages and income tax) as collateral for the loans. It is not anticipated that revenues from these sources will be required to fund the debt service on these loans.

In June 2014, the State approved the City's application for a \$3,000,000 loan through the SRF to complete the capital projects required to meet the EPA AO. The interest rate on this loan is 1.81%. The outstanding principal balance of this loan was \$247,526 at June 30, 2015.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. LONG-TERM LIABILITIES (continued)

A projected amortization schedule for outstanding SRF loans as of June 30, 2015 is as follows:

Fiscal Year Ending June 30,	Business-Type Activities		Total Requirements
	Principal	Interest	
2016	\$ 444,116	\$ 122,178	\$ 566,294
2017	449,671	116,623	566,294
2018	455,296	110,999	566,295
2019	460,990	105,303	566,293
2020	466,757	99,537	566,294
2021-2025	2,422,854	408,616	2,831,470
2026-2030	2,578,294	253,175	2,831,469
2031-2035	2,743,762	87,705	2,831,467
Total	<u>\$ 10,021,740</u>	<u>\$ 1,304,136</u>	<u>\$ 11,325,876</u>

Capital Leases Obligations – Business-type Activities

On December 19, 2006, the City entered into a capital lease agreement with Motorola to upgrade the City's 800 MHz radio system to allow for digital capabilities. Terms of the 10-year lease agreement call for annual principal and interest payments of \$150,902 beginning on January 1, 2008. The interest rate on the lease is 4.98%.

The future principal and interest payments on these capital lease obligations as of June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	
2016	150,902
2017	<u>150,901</u>
Total Future Minimum Lease Payments	301,803
Less:	
Amount Presenting Interest at 4.98%	(21,135)
Current Portion of Capital Lease	<u>(136,924)</u>
Long-term Capitalized Lease Obligation	<u>\$ 143,744</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

15. INTEREST RATE SWAPS

As of June 30, 2015, the City had the following derivative instruments outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Maturity Date</u>	<u>Term</u>
Series VI-D-3 ¹	Pay-fixed Interest Rate Swap	Variable to Synthetic Fixed Rate	\$10,000,000	6/1/2033	Pay 3.725% Receive 63.5% of five year LIBOR
Series VI-H-1 ²	Pay-fixed Interest Rate Swap	Variable to Synthetic Fixed Rate	\$15,675,000	6/1/2036	Pay 3.536% Receive 63.0% of five year LIBOR

¹Refunded to Series VII-E-1

²Refunded to Series VII-E-1 and Series VI-M-1

The fair value balance and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type and the changes in fair value of such derivative instruments for the years then ended are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2015		June 30, 2015
	Classification	Amount	Classification	Amount	Notational Amount
Governmental Activities					
Investment Derivative:					
Pay-fixed Interest Rate Swap					
Series VI-D-3 ¹	Investment Loss	\$(361,958)	Debt	\$(2,321,484)	\$10,000,000
Investment Derivative:					
Pay-fixed Interest Rate Swap					
Series VI-H-1 ²	Investment Loss	<u>(520,490)</u>	Debt	<u>(3,115,548)</u>	\$15,675,000
		<u>\$(882,448)</u>		<u>\$(5,437,032)</u>	

¹Refunded to Series VII-E-1

²Refunded to Series VII-E-1 and Series VI-M-1

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

15. INTEREST RATE SWAPS (continued)

Swap - Local Government Improvement Bonds, Series VI-D-3 (Refunded by Series VII-E-1 bonds)

On December 1, 2004, the City entered into a \$10,000,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-LOANS program to fund a portion of the costs for renovation and new construction of the ORHS Project. Principal payments are to occur on the loan from 2031 to 2033. Under its loan agreement, the Public Building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-D-3.

The swap Series VI-D-3 did not meet that criteria to be classified as a hedging derivative instrument, and therefore is classified as an investment derivative. The City recorded a liability for the investment derivative totaling the negative fair value of \$2,321,484 in the statement of net position. The City also recorded the current year change in fair value of \$361,958 in the statement of activities as interest and fiscal charges.

Objective of the Interest Rate Swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series VI-D-3 variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. The Series VI-D-3 bonds have since been refunded with a portion of the proceeds of the Series VII-E-1 bonds and the interest rate swap is now associated with the Series VII-E-1 bonds.

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.725% and receives a variable payment computed as 63.50% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2033.

As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed Payment to Counterparty	Fixed	3.725%
Variable Payment from Counterparty	% LIBOR	-1.130%
Net Interest Rate Swap Payments		2.595%
Variable Rate Bond Coupon Payments		0.640%
On-going Variable Rate Bond Payments		0.200%
Effective Synthetic Interest Rate on Bonds		3.435%

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

15. INTEREST RATE SWAPS (continued)

Fair Value: As of June 30, 2015 the swap had a negative fair value of (\$2,321,484). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit Risk: As of June 30, 2015, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP"), now Raymond James Financial, Inc. was rated "A+" by Standard & Poor's as of June 30, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A by Moody's, Standard & Poor's and Fitch, respectively.

Basis Risk: As noted above, the swap exposes the City to basis risk should the rate on the Bonds increase to above 63.5% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the Bonds to be below 63.5% of LIBOR, then the synthetic rate on the bonds will decrease.

Termination Risk: The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

Swap Payments and Associated Debt: As of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

15. INTEREST RATE SWAPS (continued)

Fiscal Year Ending June 30,	Variable Rate Bonds		Net Interest Rate Swap	Total
	Principal	Interest		
2016	\$ -	\$ 63,988	\$ 259,470	\$ 323,458
2017	-	63,988	259,470	323,458
2018	-	63,988	259,470	323,458
2019	-	63,988	259,470	323,458
2020	-	63,988	259,470	323,458
2021-2025	-	319,938	1,297,350	1,617,288
2026-2030	-	319,938	1,297,350	1,617,288
2031-2033	10,000,000	149,091	604,565	10,753,656
Total	<u>\$10,000,000</u>	<u>\$1,108,907</u>	<u>\$4,496,615</u>	<u>\$15,605,522</u>

Swap - Local Government Improvement Bonds, Series VI-H-1 (Refunded to Series VII-E-1 bonds and Series VI-M-1 bonds)

On November 22, 2006, the City entered into a \$15,675,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-LOANS program to fund a portion of the costs for renovation and new construction of the ORHS Project. Principal payments are to occur on the loan from 2025 to 2036. Under its loan agreement, the Public Building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-H-1.

The swap Series VI-H-1 did not meet the criteria to be classified as a hedging derivative instrument, and therefore is classified as an investment derivative. The City recorded a liability for the investment derivative totaling the negative fair value of \$3,115,548 in the statement of net position. The city also recorded the current year changes in fair value of \$520,490 in the statement of activities as interest and fiscal charges.

Objective of the Interest Rate Swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$15.675 million Series VI-H-1 variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. \$11,000,000 of the Series VI-H-1 bonds have since been refunded with a portion of the proceeds of the Series VII-E-1 bonds and the related portion of the interest rate swap is now associated with the Series VII-E-1 bonds. The remaining \$4,675,000 of the Series VI-H-1 bonds have since been refunded with a portion of the Series VI-M-1 bonds and the related portion of the interest rate swap is now associated with the Series VI-M-1 bonds.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

15. INTEREST RATE SWAPS (continued)

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.536% and receives a variable payment computed as 63% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$15.675 million and the associated variable-rate bond has a \$15.675 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds and/or Series VI-M-1. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2036.

As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed Payment to Counterparty	Fixed	3.536%
Variable Payment from Counterparty	% LIBOR	-1.121%
Net Interest Rate Swap Payments		<u>2.415%</u>
Variable Rate Bond Coupon Payments		0.640%
On-going Variable Rate Bond Payments		<u>0.200%</u>
Effective Synthetic Interest Rate on Bonds		<u><u>3.255%</u></u>

Fair Value: As of June 30, 2014, the swap had a negative fair value of \$3,115,548. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows to their present value.

Credit Risk: As of June 30, 2015, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the swap's fair value. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, entered into the interest rate swap agreement with DEPFA Bank of Dublin, Ireland, who was rated "A+" by Standard & Poor's, "AA-" by Fitch Ratings and "Aa3" by Moody's Investor Service at the time the interest rate swap agreement was entered into. If DEPFA's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2015, DEPFA's credit rating had been downgraded and was rated "A-" by Standard and Poor's, "Ba1" by Moody's Investors Service and "BBB" by Fitch Ratings. The counterparty has posted all collateral requirements with a third-party custodian.

Basis Risk: As noted above, the swap exposes the City to basis risk should the rate on the bonds increase to above 63% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63% of LIBOR, then the synthetic rate on the bonds will decrease.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

15. INTEREST RATE SWAPS (continued)

Termination Risk: The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

Swap Payments and Associated Debt: As of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2016	\$ -	\$ 100,300	\$ 378,489	\$ 478,789
2017	-	100,300	378,489	478,789
2018	-	100,300	378,489	478,789
2019	-	100,300	378,489	478,789
2020	-	100,300	378,489	478,789
2021-2025	-	501,502	1,892,443	2,393,945
2026-2030	7,950,000	404,081	1,524,820	9,878,901
2031-2035	5,250,000	217,238	819,757	6,286,995
2035-2036	2,475,000	15,837	59,761	2,550,598
Total	<u>\$15,675,000</u>	<u>\$1,640,158</u>	<u>\$6,189,226</u>	<u>\$23,504,384</u>

15. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Advances to and from accounts represent long-term loans between funds. During fiscal 2012, the General Fund advanced the Waterworks Fund \$5,000,000 for bridge financing for Waterworks capital improvements. Under Tennessee State Law, these type loans between City funds are required to be in the form of capital outlay notes. Annual principal payments are anticipated to be due in seven remaining equal installments with interest at 1% per annum. Approval must be obtained from the Comptroller's office in 2016 for another three year loan extension through November 2019. The capital outlay notes were recorded as an advance to other funds in the City's General Fund and as liability for notes payable in the Waterworks Fund. The balance at June 30, 2015 is \$1,190,477.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

16. TRANSFERS

Transfers were primarily to support capital projects, debt service and operations of the funds. Interfund transfers for the current fiscal year were as follows:

Transfer Out	Transfer In					Total
	General Fund	General Purpose School Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	
General Fund	\$ -	\$ 14,629,302	\$ 350,000	\$ 3,545,000	\$ 942,936	\$ 19,467,238
General Purpose School Fund	-	-	-	-	52,376	52,376
Debt Service Fund	-	-	350,000	-	-	350,000
Electric Fund	1,484,735	-	-	-	-	1,484,735
Waterworks Fund	1,597,031	-	-	-	-	1,597,031
Nonmajor Funds	257,816	-	903,819	-	-	1,161,635
Total	<u>\$ 3,339,582</u>	<u>\$ 14,629,302</u>	<u>\$ 1,603,819</u>	<u>\$ 3,545,000</u>	<u>\$ 995,312</u>	<u>\$ 24,113,015</u>

17. COMMITMENTS

At June 30, 2015, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling \$10,968,637 for the following projects:

Projects	Spent-To-Date	Commitment Remaining	Committed Fund
Jackson Square Project Phase I	660,286	544,660	Capital Projects
Blankenship Field Parking Lot	-	264,791	Capital Projects
Line Construction	2,465,598	633,830	Electric
Substation Batteries	-	169,221	Electric
Tree Pruning, Removal and Brush Control	1,376,705	145,150	Electric
Fiber Optic Cable Project	82,355	77,513	Electric
Water Tank Improvements	689,051	10,149	Waterworks
West End Waterworks Expansion	2,470,921	1,289,038	Waterworks
Engineering for Sewer Remediation	4,077,809	716,561	Waterworks
Administrative Order EPA	9,378,063	6,814,869	Waterworks
Equipment	-	203,494	Waterworks
Equipment	387,447	99,361	Equipment Replacement
Total	<u>\$ 21,588,235</u>	<u>\$ 10,968,637</u>	

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

17. COMMITMENTS (continued)

Electric projects will be funded through existing cash reserves and a 1.2% rate increase adopted in October 2013. Waterworks Fund projects will be funded through debt issuances during fiscal 2013 and 2014 and revenues generated through the respective rate structure. In December 2012, the City issued a \$5,000,000 loan through the TMBF for water and wastewater projects. \$21,000,000 in State Revolving Fund Loans have been approved for projects under the EPA Administrative Order. In August 2013, the City restructured debt and issued an additional approximate \$3,585,000 for waterworks projects. Rate increases for both water and wastewater services were adopted by City Council with effective dates of January 2014 and January 2015. Capital projects included in the Capital Projects Fund will be funded by approximately \$360,000 in grant proceeds, with the remaining from existing cash reserves. Equipment Replacement Rental Fund capital projects will be funded through existing cash reserves.

18. FUND BALANCE

At June 30, 2015, fund balance is classified as follows:

	Major Governmental Funds				Nonmajor Governmental Funds	Totals
	General Fund	General Purpose School Fund	Capital Projects Fund	Debt Service Fund		
Nonspendable:						
Inventory	\$ 199,428	\$ -	\$ -	\$ -	\$ 69,420	\$ 268,848
Prepays	-	87,814	-	-	73,013	160,827
Advances to Other Funds	1,190,477	-	-	-	-	1,190,477
Restricted To:						
Education Programs	-	18,295	-	-	121,476	139,771
Debt Service	-	-	-	7,196,838	-	7,196,838
Drug Enforcement	-	-	-	-	261,346	261,346
Street Improvements	-	-	-	-	912,682	912,682
Committed To:						
Education Programs	-	13,901	-	-	-	13,901
Assigned To:						
Education	-	5,886,330	-	-	18,080	5,904,410
Debt Service	-	-	-	2,264,814	-	2,264,814
Capital Projects	-	-	2,515,731	-	-	2,515,731
Recreation	-	-	-	-	133,836	133,836
Fire and Emergency Services	-	-	-	-	304,751	304,751
Unassigned	8,026,420	-	-	-	-	8,026,420
Total	<u>\$ 9,416,325</u>	<u>\$ 6,006,340</u>	<u>\$ 2,515,731</u>	<u>\$ 9,461,652</u>	<u>\$ 1,894,604</u>	<u>\$ 29,294,652</u>

Nonspendable fund balances include \$268,848 in inventory, comprised of \$199,428 in the General Fund, \$36,051 in the State Street Aid Fund and \$33,369 in the Golf Course Fund and \$160,827 in miscellaneous prepaids. The General Fund has an outstanding advance to the Waterworks Fund for capital improvements in the amount of \$1,190,477.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

18. FUND BALANCE (continued)

Restrictions and commitments in Education Programs of \$139,771 and \$13,901, respectively, were primarily for the Career Ladder Program, Extended School Fund and for the Central Cafeteria Fund. The \$7,196,838 restricted fund balance in the Debt Service Fund is from that portion of local sales tax collections that resulted from a .50% increase in the sales tax approved by Oak Ridge voters at referendum. These sales tax proceeds are restricted to paying the debt issued for the renovation and construction at the ORHS until all the debt is extinguished. Restrictions in the Drug and State Street Aid Funds are due to state law restrictions on the revenues accounted for in those funds.

City Council assigned \$11,123,542 for various endeavors, including education, debt service, capital projects, recreation, and fire and emergency services.

19. LITIGATION

The City generally follows the practice of recording liabilities from claims and legal actions only when it is probable that both an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. Settlement of all potential claims from various lawsuits in which the City is involved would not, in management's estimation, materially affect the financial statements of the City.

20. RISK MANAGEMENT

The City Insurance Fund, an internal service fund, is used to account for risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; injuries to employees; and employee medical insurance plans. The City Insurance Fund does not account for risks related to the City School system assets or employees. Funding for the City Insurance Fund is provided by the General, Electric and Waterworks Funds through an allocation for insurance coverage based on each Fund's pro rata share of services provided. The General Purpose School Fund, a Special Revenue Fund, is used to account for School system risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; injuries to employees; and employee medical insurance plans.

City employee group medical insurance is fully provided through an independent insurance carrier with the City and employees contributing to payment of the premiums. Dental and vision benefits provided to employees by the City are self-insured and funded from the revenues of the City Insurance Fund. School employee medical insurance is fully provided through an independent insurance carrier with the General Purpose School Fund and the employees contributing to payment of the premiums.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

20. RISK MANAGEMENT (continued)

Insurance coverage for assets related to general liability, auto liability, auto physical damage, errors and omissions and workers compensation for city and school system employees is through public entity risk pools operated as a risk sharing programs by the Tennessee Municipal League (TML) for the City coverage and the Tennessee Risk Management Trust (TNRMT) for School coverage. These pools are sustained by member premiums and the City and Schools pay an annual premium for its coverage. Coverage through the Pool is for payment of damage claims and to defend the City in any damage suit that is included in the coverage, up to the policy's applicable limits, at the Pool's expense. This includes any other necessary costs relating to the defense. The City has the responsibility of following any reporting requirements, including timely reporting of any incidents that might result in a damage claim. The City is to do everything necessary to protect the rights of recovery of the Pool and enforcement of these rights by complying with all terms of the policy. The Pool has the right to apply premium rate changes as necessary.

Other risks of loss are covered by commercial insurance with the City being responsible for the per occurrence deductible. The annual per occurrence deductible for each insurance policy covered by the School Fund for fiscal 2014 is \$500 except for boiler and machinery, which is \$1,000. In fiscal 2015, the city paid \$205,204 in net deductibles to the TML for workers compensation and property liability claims.

The per occurrence deductible for each insurance policy covered by the City Insurance Fund for fiscal 2015 is as outlined below:

Insurance Plan	Annual Per Occurrence Deductible
General Liability	\$ 1,000
Auto Liability	1,000
Auto Physical Damage	5,000
Errors and Omissions	5,000
Buildings and Personal Property	10,000
Equipment Breakdown	10,000
Electronic Data Processing Equipment	2,500
Worker's Compensation	50,000

There have been no liabilities in excess of commercial insurance coverage for the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability amount for the City Insurance Funds for the fiscal years ended June 30, 2015, and June 30, 2014, were as follows:

	Beginning of Fiscal Year Liability	Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year End
2015	\$ 40,077	\$ 488,934	\$(381,221)	\$ 147,790
2014	\$ 358,410	\$ 163,048	\$(481,381)	\$ 40,077

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

21. ENVIRONMENTAL PROTECTION AGENCY ADMINISTRATIVE ORDER

On September 27, 2010, the City received an administrative order (AO) from the United States Environmental Protection Agency (EPA). The City was found to be in violation of Section 301 of the Clean Water Act (CWA), 33 U.S.C. Section 1311. Failure to comply with the AO would subject the City to certain penalties. The City was given a timetable and actions to be made to remedy the violations with various deadlines through September 2015. In August 2012, the City's Wastewater Collection System Remediation Plan Report was submitted to and approved by EPA which outlines the construction project schedule to meet the requirements of the AO. At that time, construction project costs were estimated at \$23,090,800 with an estimated completion date of August 2015. In September 2015, the City received a "closure letter" from the EPA stating the AO has been fulfilled.

During fiscal 2014, City Council approved wastewater increases effective January 1, 2014, and January 1, 2015. Rate increases were necessary to fund the debt and increased level of ongoing maintenance costs required for the City to meet the requirements of the AO.

22. BUDGET AMENDMENTS

<u>Governmental Fund</u>	<u>Original Budget</u>	<u>Additional Appropriations</u>	<u>Final Budget</u>
General Purpose School Fund	\$ 56,993,641	\$ (6,850,857)	\$ 50,142,784
School Federal Projects Fund	3,309,223	78,953	3,388,176
Other Education Fund	105,214	10,474	115,688
Extended School Program Fund	416,482	-	416,482
Central Cafeteria Fund	1,965,990	10,000	1,975,990
School Equipment Replacement Fund	49,007	-	49,007
Total Schools	<u>\$ 62,839,557</u>	<u>\$ (6,751,430)</u>	<u>\$ 56,088,127</u>
 West End Fund	 <u>\$ 2,597,110</u>	 <u>\$ 132,412</u>	 <u>\$ 2,729,522</u>

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

**Schedule of Changes in Oak Ridge's Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of TCRS
Fiscal Year Ended June 30**

	<u>2014</u>
Total pension liability	
Service cost	\$ 1,425,049
Interest	6,762,256
Differences between actual & expected experience	575,376
Benefit payments, including refunds of employee contributions	<u>(4,676,925)</u>
Net change in total pension liability	4,085,756
Total pension liability - beginning	<u>91,076,818</u>
Total pension liability - ending (a)	95,162,574
 Plan fiduciary net position	
Contributions - employer	\$ 2,734,100
Contributions - employee	146
Net investment income	12,763,309
Benefit payments, including refunds of employee contributions	(4,676,925)
Administrative expenses	<u>(17,826)</u>
Net change in plan fiduciary net position	10,802,804
Plan fiduciary net position - beginning	<u>78,041,785</u>
Plan fiduciary net position - ending (b)	88,844,589
 Net pension liability - ending (a) - (b)	 <u><u>\$ 6,317,985</u></u>
 Plan fiduciary net position as a percentage of total pension liability	 93.36%
 Covered-employee payroll	 \$ 18,386,685
 Net pension liability as a percentage of covered-employee payroll	 34.36%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

**Schedule of Oak Ridge's Contributions
Based on Participation in the Public Employee Pension Plan of TCRS
Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,734,100	\$ 2,774,706
Contributions in relation to the actuarially determined contribution	<u>2,734,100</u>	<u>2,774,706</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 18,386,685	 \$ 18,522,735
 Contributions as a percentage of covered-employee payroll	 14.87%	 14.98%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

**Schedule of Oak Ridge City School's Contributions
Based on Participation in the Teacher Retirement Plan of TCRS
Fiscal Year Ended June 30**

	<u>2015</u>
Actuarially determined contribution	\$ 601,852
Contributions in relation to the actuarially determined contribution	<u>604,358</u>
Contribution deficiency (excess)	<u>\$ (2,506)</u>
 Covered-employee payroll	 \$ 6,013,512
 Contributions as a percentage of covered-employee payroll	 10.05%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

**Schedule of Oak Ridge City School's Contributions
Based on Participation in the Teacher Legacy Pension Plan of TCRS
Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,242,022	\$ 2,264,328
Contributions in relation to the actuarially determined contribution	<u>2,242,022</u>	<u>2,264,328</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 25,247,996	 \$ 25,047,876
 Contributions as a percentage of covered-employee payroll	 8.88%	 9.04%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

**Schedule of Oak Ridge City School's Proportionate Share of the Net Pension Asset
Based on Participation in the Teacher Legacy Pension Plan of TCRS
Fiscal Year Ended June 30***

	<u>2014</u>
Proportion of the net pension asset	0.643262%
Proportionate share of the net pension asset	\$ 104,527
Covered-employee payroll	\$ 25,247,996
Proportionate share of the net pension asset as a percentage of covered-employee payroll	0.41%
Plan's fiduciary net position as a percentage of the total pension liability	100.08%

*The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

Oak Ridge City Employee's Postemployment Benefits

**Schedule of Funding Progress
(dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
7/1/2010	\$ -	\$2,370	\$2,370	0.0%	\$9,100	26.0%
7/1/2012	-	3,022	3,022	0.0%	9,049	33.4%
7/1/2014	-	2,827	2,827	0.0%	9,275	30.5%

Oak Ridge City School Employee's Postemployment Benefits

**Schedule of Funding Progress
(dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
7/1/2010	\$ -	\$6,815	\$6,815	0.0%	\$24,998	27.3%
7/1/2011	-	7,109	7,109	0.0%	25,942	27.4%
7/1/2013	-	6,214	6,214	0.0%	25,248	24.6%

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

**Notes to Required Supplementary Information
Tennessee Consolidated Retirement System**

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	13 years
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent

CITY OF OAK RIDGE, TENNESSEE NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenues that are legally restricted to finance specific functions or activities of government and which, therefore, cannot be diverted to other uses.

State Street Aid Fund: This fund accounts for maintenance of all non-State streets in the City. Revenues are provided from a portion of the State of Tennessee gasoline and motor fuels tax.

Street and Public Transportation Fund: This fund accounts for the Taxi Coupon Program and the Public Transportation Program. Revenues are provided from a special one-cent-per-gallon inspection fee levied on all petroleum products bought, sold or stored in Tennessee and an operating assistance grant from the Tennessee Department of Transportation. This fund was closed at the end of fiscal 2015 with the remaining funds transferred to the General Fund.

Grant Fund: This fund is used to account for programs and expenditures funded by non-utility state and federal grants. Annually awarded grants are primarily from the Tennessee and United States Departments of Housing and Urban Development. Other grants accounted for in this fund are generally one-time project specific awards. This fund was closed at the end of fiscal 2015 with the remaining funds transferred to the General Fund.

Drug Enforcement Program Fund: This fund is used to account for investigations of violations of controlled substance laws and is funded primarily from the receipt of fines and forfeitures related to drug enforcement cases.

Golf Course Fund: The fund is used to account for operation of a municipal golf course, the Tennessee Centennial Golf Course. The fund's operations are financed from the proceeds from the operations of the golf course and transfers from the General Fund.

West End Fund: This fund is used to account for the City's fire and ambulance services located at the East Tennessee Technology Park (ETTP) site, which is currently being funded under a contract between the City and the US Department of Energy (DOE) and DOE's ETTP site contractor.

Special Programs Fund: This fund is used to account for special programs. Revenues come from the photo red light enforcement program fine. This fund was closed at the end of fiscal 2015 with the remaining funds transferred to the Capital Projects Fund.

School Federal Projects Fund: This fund is used to account for the proceeds of federal award grant programs requiring separate accounting because of legal or regulatory provisions or administrative action.

Other Education Special Revenue Fund: This fund is used to account for the activities assisting at risk children and their families. The fund accounts for the Family Resource Center and the Safe Schools Act activities which are funded by federal awards.

Extended School Program Fund: This fund is used to account for the fees collected for the schools' extended child care program.

Central Cafeteria Fund: This fund is used to account for the activities related to food services. The revenue also supports preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery. Revenue is collected in the form of meal charges, fees for special events and programs, and state and federal reimbursements under the national school lunch and breakfast programs.

CITY OF OAK RIDGE, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	State Street Aid	Drug Enforcement Program	Golf Course	West End	School Federal Projects	Other Education Special Revenue	Extended School Program	Central Cafeteria	Total Nonmajor Governmental Funds
Assets									
Cash and cash equivalents	\$ 781,858	\$ 261,922	\$ 327,363	\$ 384,546	\$ -	\$ -	21,526	303,559	\$ 2,080,774
Accounts receivable	-	-	-	-	1,609	-	710	8,829	11,148
Due from other governments	141,901	-	-	-	471,735	13,682	-	26,089	653,407
Inventories, at cost	36,051	-	33,369	-	-	-	-	-	69,420
Prepaid items	-	5,644	-	-	-	-	-	-	5,644
Restricted assets:									
Cash and cash equivalents	67,369	-	-	-	-	-	-	-	67,369
Total assets	\$ 1,027,179	\$ 267,566	\$ 360,732	\$ 384,546	\$ 473,344	\$ 13,682	\$ 22,236	\$ 338,477	\$ 2,887,762
Liabilities									
Accounts payable	\$ 11,077	\$ 576	\$ 193,527	\$ 40,487	\$ -	\$ -	\$ 37	\$ 97,808	\$ 343,512
Accrued liabilities	-	-	-	39,308	67,942	2,555	4,119	-	113,924
Due to other funds	-	-	-	-	405,402	4,136	-	107,192	516,730
Total liabilities	11,077	576	193,527	79,795	473,344	6,691	4,156	205,000	974,166
Deferred inflows of resources	-	-	-	-	-	-	-	18,992	18,992
Fund balances									
Nonspendable	\$ 103,420	\$ 5,644	\$ 33,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,433
Restricted	912,682	261,346	-	-	-	6,991	-	114,485	1,295,504
Assigned	-	-	133,836	304,751	-	-	18,080	-	456,667
Total fund balances	1,016,102	266,990	167,205	304,751	-	6,991	18,080	114,485	1,894,604
Total liabilities, deferred inflows of resources and fund balances	\$ 1,027,179	\$ 267,566	\$ 360,732	\$ 384,546	\$ 473,344	\$ 13,682	\$ 22,236	\$ 338,477	\$ 2,887,762

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	State Street Aid	Street and Public Transportation	Grant	Drug Enforcement Program	Golf Course	West End	Special Programs	School Federal Projects	Other Education Special Revenue	Extended School Program	Central Cafeteria	Total Nonmajor Governmental Funds
Revenues												
Intergovernmental	\$ 774,366	\$ 203,904	\$ 999,924	\$ 72,222	\$ -	\$ 2,540,004	\$ -	\$ 3,093,427	\$ 45,420	\$ -	1,306,598	\$ 9,035,865
Charges for services	-	-	-	-	886,080	-	-	-	-	377,342	385,321	1,648,743
Fines and forfeitures	-	-	-	61,664	-	-	46,840	-	-	-	-	108,504
Investment earnings	924	115	-	234	421	286	844	-	-	-	-	2,824
Miscellaneous	-	-	-	907	-	-	-	-	15,398	-	99,356	115,661
Total revenues	775,290	204,019	999,924	135,027	886,501	2,540,290	47,684	3,093,427	60,818	377,342	1,791,275	10,911,597
Expenditures												
Current:												
Public safety	-	-	151,127	83,432	-	2,419,732	46,007	-	-	-	-	2,700,298
Public works	1,926,058	-	-	-	-	-	-	-	-	-	-	1,926,058
Community services	-	196,920	946,422	-	1,313,822	-	-	-	-	-	-	2,457,164
Education	-	-	-	-	-	-	-	3,093,427	112,940	376,407	1,916,343	5,499,117
Debt service:												-
Principal	-	-	83,000	-	-	-	-	-	-	-	-	83,000
Interest	-	-	2,311	-	-	-	-	-	-	-	-	2,311
Total expenditures	1,926,058	196,920	1,182,860	83,432	1,313,822	2,419,732	46,007	3,093,427	112,940	376,407	1,916,343	12,667,948
(Deficiency) excess of revenues (under) over expenditures	(1,150,768)	7,099	(182,936)	51,595	(427,321)	120,558	1,677	-	(52,122)	935	(125,068)	(1,756,351)
Other financing sources												
Transfers in	700,000	60,000	182,936	-	-	-	-	-	52,376	-	-	995,312
Transfers out	-	(144,939)	(112,877)	-	-	-	(903,819)	-	-	-	-	(1,161,635)
Total other financing sources	700,000	(84,939)	70,059	-	-	-	(903,819)	-	52,376	-	-	(166,323)
Net change in fund balances	(450,768)	(77,840)	(112,877)	51,595	(427,321)	120,558	(902,142)	-	254	935	(125,068)	(1,922,674)
Fund balance - beginning	1,466,870	77,840	112,877	215,395	594,526	184,193	902,142	-	6,737	17,145	239,553	3,817,278
Fund balance - ending	\$ 1,016,102	\$ -	\$ -	\$ 266,990	\$ 167,205	\$ 304,751	\$ -	\$ -	\$ 6,991	\$ 18,080	\$ 114,485	\$ 1,894,604

CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 774,366	\$ 755,000	\$ 19,366
Interest	924	200	724
Total revenues	<u>775,290</u>	<u>755,200</u>	<u>20,090</u>
Expenditures			
Current:			
Public works	1,926,058	2,221,000	294,942
Total expenditures	<u>1,926,058</u>	<u>2,221,000</u>	<u>294,942</u>
(Deficiency) excess of revenues (under) over expenditures	(1,150,768)	(1,465,800)	315,032
Other financing sources			
Transfers in	700,000	700,000	-
Total other financing sources	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Net change in fund balances	(450,768)	(765,800)	315,032
Fund balance - beginning	1,466,870	1,466,870	-
Fund balance - ending	<u>\$ 1,016,102</u>	<u>\$ 701,070</u>	<u>\$ 315,032</u>

CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 203,904	\$ 200,125	\$ 3,779
Interest	115	50	65
Total revenues	<u>204,019</u>	<u>200,175</u>	<u>3,844</u>
Expenditures			
Current:			
Community services	196,920	260,000	63,080
Total expenditures	<u>196,920</u>	<u>260,000</u>	<u>63,080</u>
Excess (deficiency) of revenues over (under) expenditures	7,099	(59,825)	66,924
Other financing sources			
Transfers in	60,000	60,000	-
Transfers out	(144,939)	-	(144,939)
Total other financing sources	<u>(84,939)</u>	<u>60,000</u>	<u>(144,939)</u>
Net change in fund balances	(77,840)	175	(78,015)
Fund balance - beginning	77,840	77,840	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 78,015</u>	<u>\$ (78,015)</u>

CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 999,924	\$ 3,370,252	\$ (2,370,328)
Total revenues	999,924	3,370,252	(2,370,328)
Expenditures			
Current:			
Public safety	151,127	151,086	(41)
Community services	946,422	3,307,102	2,360,680
Debt service:			
Principal retirement	83,000	95,000	12,000
Interest and fiscal charges	2,311	-	(2,311)
Total expenditures	1,182,860	3,553,188	2,370,328
(Deficiency) excess of revenues (under) over expenditures	(182,936)	(182,936)	-
Other financing sources			
Transfers in	182,936	182,936	-
Transfers out	(112,877)	-	(112,877)
Total other financing sources	70,059	182,936	(112,877)
Net change in fund balances	(112,877)	-	(112,877)
Fund balance - beginning	112,877	112,877	-
Fund balance - ending	\$ -	\$ 112,877	\$ (112,877)

CITY OF OAK RIDGE, TENNESSEE
DRUG ENFORCEMENT PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 72,222	\$ 40,000	\$ 32,222
Fines and forfeitures	61,664	45,000	16,664
Interest	234	750	(516)
Other	907	1,000	(93)
Total revenues	135,027	86,750	48,277
Expenditures			
Current:			
Public safety	83,432	255,200	171,768
Total expenditures	83,432	255,200	171,768
Excess (deficiency) of revenues over (under) expenditures	51,595	(168,450)	220,045
Fund balance - beginning	215,395	215,395	-
Fund balance - ending	<u>\$ 266,990</u>	<u>\$ 46,945</u>	<u>\$ 220,045</u>

CITY OF OAK RIDGE, TENNESSEE
GOLF COURSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Charges for services	\$ 886,080	\$ 1,111,404	\$ (225,324)
Interest	421	2,000	(1,579)
Total revenues	<u>886,501</u>	<u>1,113,404</u>	<u>(226,903)</u>
Expenditures			
Current:			
Community services	1,313,822	1,292,112	(21,710)
Total expenditures	<u>1,313,822</u>	<u>1,292,112</u>	<u>(21,710)</u>
(Deficiency) excess of revenues (under) over expenditures	(427,321)	(178,708)	(248,613)
Fund balance - beginning	594,526	594,526	-
Fund balance - ending	<u>\$ 167,205</u>	<u>\$ 415,818</u>	<u>\$ (248,613)</u>

CITY OF OAK RIDGE, TENNESSEE
WEST END FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 2,540,004	\$ 2,573,110	\$ (33,106)
Interest	286	1,500	(1,214)
Total revenues	<u>2,540,290</u>	<u>2,574,610</u>	<u>(34,320)</u>
Expenditures			
Current:			
Public safety	2,419,732	2,729,522	309,790
Total expenditures	<u>2,419,732</u>	<u>2,729,522</u>	<u>309,790</u>
Excess (deficiency) of revenues over (under) expenditures	120,558	(154,912)	275,470
Fund balance - beginning	184,193	184,193	-
Fund balance - ending	<u><u>\$ 304,751</u></u>	<u><u>\$ 29,281</u></u>	<u><u>\$ 275,470</u></u>

CITY OF OAK RIDGE, TENNESSEE
SPECIAL PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Fines and forfeitures	\$ 46,840	\$ 15,000	\$ 31,840
Interest	844	-	844
Total revenues	47,684	15,000	32,684
Expenditures			
Current:			
Public safety	46,007	830,000	783,993
Total expenditures	46,007	830,000	783,993
Excess (deficiency) of revenues over (under) expenditures	1,677	(815,000)	816,677
Other financing sources			
Transfers out	(903,819)	-	(903,819)
Total other financing sources	(903,819)	-	(903,819)
Net change in fund balances	(902,142)	(815,000)	(87,142)
Fund balance - beginning	902,142	902,142	-
Fund balance - ending	\$ -	\$ 87,142	\$ (87,142)

**CITY OF OAK RIDGE, TENNESSEE
SCHOOL FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015**

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 3,093,427	\$ 3,388,176	\$ (294,749)
Total revenues	3,093,427	3,388,176	(294,749)
Expenditures			
Current:			
Education	3,093,427	3,388,176	294,749
Total expenditures	3,093,427	3,388,176	294,749
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF OAK RIDGE, TENNESSEE
OTHER EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 45,420	\$ 52,412	\$ (6,992)
Miscellaneous	15,398	10,500	4,898
Total revenues	60,818	62,912	(2,094)
Expenditures			
Current:			
Education	112,940	115,688	2,748
Total expenditures	112,940	115,688	2,748
(Deficiency) excess of revenues (under) over expenditures	(52,122)	(52,776)	654
Other financing sources			
Transfers in	52,376	52,802	(426)
Total other financing sources	52,376	52,802	(426)
Net change in fund balances	254	26	228
Fund balance - beginning	6,737	6,737	-
Fund balance - ending	\$ 6,991	\$ 6,763	\$ 228

**CITY OF OAK RIDGE, TENNESSEE
EXTENDED SCHOOL PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015**

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Charges for services	\$ 377,342	\$ 416,482	\$ (39,140)
Total revenues	377,342	416,482	(39,140)
Expenditures			
Current:			
Education	376,407	416,482	40,075
Total expenditures	376,407	416,482	40,075
Excess (deficiency) of revenues over (under) expenditures	935	-	935
Fund balance - beginning	17,145	17,145	-
Fund balance - ending	<u>\$ 18,080</u>	<u>\$ 17,145</u>	<u>\$ 935</u>

CITY OF OAK RIDGE, TENNESSEE
CENTRAL CAFETERIA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Charges for services	\$ 385,321	\$ 492,580	\$ (107,259)
Intergovernmental	1,306,598	1,239,240	67,358
Miscellaneous	99,356	104,170	(4,814)
Total revenues	<u>1,791,275</u>	<u>1,835,990</u>	<u>(44,715)</u>
Expenditures			
Current:			
Education	1,916,343	1,975,990	59,647
Total expenditures	<u>1,916,343</u>	<u>1,975,990</u>	<u>59,647</u>
(Deficiency) excess of revenues (under) over expenditures	(125,068)	(140,000)	14,932
Fund balance - beginning	239,553	239,553	-
Fund balance - ending	<u><u>\$ 114,485</u></u>	<u><u>\$ 99,553</u></u>	<u><u>\$ 14,932</u></u>

CITY OF OAK RIDGE, TENNESSEE
EMERGENCY COMMUNICATIONS DISTRICT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Emergency telephone service charge	\$ 105,574	\$ 100,000	\$ 5,574
State emergency communications board	27,472	36,000	(8,528)
State emergency communications board operational fundii	310,147	319,320	(9,173)
GIS funding	34,877	31,408	3,469
State dispatcher training	4,000	4,000	-
Miscellaneous	23,608	-	23,608
Total revenues	505,678	490,728	14,950
Expenses			
Due and subscriptions	249	500	251
Licenses and fees	4,225	5,000	775
NCIC/TBI/ties expense	600	400	(200)
Contracted dispatcher services	163,019	137,700	(25,319)
General telephone 911 support lines	155	6,000	5,845
Address/mapping expenses	35,310	42,000	6,690
Mapping/data base consultants	23,962	3,052	(20,910)
Date processing services	2,556	2,500	(56)
Travel	-	8,000	8,000
Maintenance contract	87,057	91,000	3,943
Maintenance/repair communication equipment	4,306	15,000	10,694
Small equipment purchases	60,818	45,000	(15,818)
GIS	-	30,000	30,000
Date processing supplies	-	500	500
Insurance-surety bonds	770	-	(770)
Other	3,923	-	(3,923)
Depreciation	190,180	161,342	(28,838)
Total expenses	577,130	547,994	(29,136)
Operating income (loss)	(71,452)	(57,266)	(14,186)
Nonoperating revenues (expenses)			
State grants	171,097	-	171,097
Investment earnings	1,701	1,400	301
Interest expense	(18,382)	(17,224)	(1,158)
Net nonoperating revenues (expenses)	154,416	(15,824)	170,240
Income (loss)	82,964	(73,090)	156,054
Net position - beginning	1,583,110	1,583,110	-
Net position - ending	\$ 1,666,074	\$ 1,510,020	\$ 156,054

CITY OF OAK RIDGE, TENNESSEE

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

City Insurance Fund: This fund is used to account for contributions from operating funds and the related payments and accruals for dental, property and liability claims, other than those related to the schools. This fund receives the employee and the City's contribution for the payment of the employee's medical premiums. School property and liability claims and the School's contribution toward employee medical benefits are accounted for in the General Purpose School Fund, a special revenue fund.

City Equipment Replacement Rental Fund: This fund is used to account for the assets used in providing a pool of equipment for use by all City departments. Rents charged to the various departments are used to fund replacement of the equipment.

School Equipment Replacement Rental Fund: This fund is used to account for the assets used in providing a pool of equipment for the schools' use. Rents charged to the various school departments are used to fund replacement of the equipment.

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015

	Insurance	City Equipment Replacement	School Equipment Replacement	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,920,080	\$ 2,620,679	\$ 872,585	\$ 5,413,344
Accounts receivable	-	4,774	-	4,774
Inventories, at cost	-	126,342	-	126,342
Total current assets	1,920,080	2,751,795	872,585	5,544,460
Noncurrent assets:				
Capital assets, net	-	3,287,988	380,213	3,668,201
Total assets	1,920,080	6,039,783	1,252,798	9,212,661
Deferred outflows of resources				
Deferred employer contributions to pensions	-	55,884	-	55,884
Total deferred outflows of resources	-	55,884	-	55,884
Liabilities				
Current liabilities:				
Accounts payable	41,162	184,470	-	225,632
Accrued liabilities	510,998	6,604	-	517,602
Current portion of noncurrent liabilities	-	109,525	-	109,525
Accrued interest payable	-	20,157	-	20,157
Total current liabilities	552,160	320,756	-	872,916
Noncurrent liabilities:				
Compensated absences	-	16,459	-	16,459
Bonds payable	-	451,455	-	451,455
Capital lease payable	-	826,905	-	826,905
Other post employment benefit obligations payable	-	16,651	-	16,651
Net pension liability	-	108,498	-	108,498
Total noncurrent liabilities	-	1,419,968	-	1,419,968
Total liabilities	552,160	1,740,724	-	2,292,884
Deferred inflows of resources				
Pension changes in investment earnings	-	95,944	-	95,944
Total deferred inflows of resources	-	95,944	-	95,944
Net position				
Net investment in capital assets	-	1,940,652	380,213	2,320,865
Unrestricted	1,367,920	2,318,347	872,585	4,558,852
Total net position	\$ 1,367,920	\$ 4,258,999	\$ 1,252,798	\$ 6,879,717

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2015

	Insurance	City Equipment Replacement	School Equipment Replacement	Total
Operating revenues:				
Charges for services	\$ 4,387,090	\$ 2,966,669	\$ 10,996	\$ 7,364,755
Employer's contributions	3,998,058	-	-	3,998,058
Employees' contributions	984,421	-	-	984,421
Total operating revenues	9,369,569	2,966,669	10,996	12,347,234
Operating expenses:				
Maintenance and administrative	-	1,251,886	-	1,251,886
Depreciation	-	691,824	113,025	804,849
Materials	-	690,290	-	690,290
Medical/liability claims	488,934	-	-	488,934
Insurance premiums	5,343,421	-	-	5,343,421
Other benefits	3,568,934	-	-	3,568,934
Total operating expenses	9,401,289	2,634,000	113,025	12,148,314
Operating income (loss)	(31,720)	332,669	(102,029)	198,920
Nonoperating revenues (expenses):				
Gain on disposal of capital assets	-	98,073	5,926	103,999
Investment earnings	1,595	2,507	-	4,102
Interest expense	-	(47,595)	-	(47,595)
Net nonoperating revenue	1,595	52,985	5,926	60,506
Change in net position	(30,125)	385,654	(96,103)	259,426
Net position - beginning, as previously reported	1,398,045	4,050,242	1,348,901	6,797,188
Prior period restatement	-	(176,897)	-	(176,897)
Net position - beginning, as restated	1,398,045	3,873,345	1,348,901	6,620,291
Net position - ending	\$ 1,367,920	\$ 4,258,999	\$ 1,252,798	\$ 6,879,717

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2015

	Insurance	City Equipment Replacement	School Equipment Replacement	Total
Cash flows from operating activities				
Receipts from interfund charges	\$ 9,369,569	\$ 2,961,895	\$ 10,996	\$ 12,342,460
Payments to employees for salaries and benefits	-	(436,085)	-	(436,085)
Payments to suppliers and providers	(9,368,550)	(1,521,005)	-	(10,889,555)
Net cash provided by operating activities	1,019	1,004,805	10,996	1,016,820
Cash flows from capital and related financing activities				
Proceeds from the sale of capital assets	-	98,073	5,964	104,037
Acquisition and construction of capital assets	-	(915,297)	-	(915,297)
Payments on capital lease	-	(68,909)	-	(68,909)
Principal paid on capital debt	-	(200,000)	-	(200,000)
Interest paid on capital debt	-	(44,275)	-	(44,275)
Net cash (used in) provided by capital and related financing activities	-	(1,130,408)	5,964	(1,124,444)
Cash flows from investing activities				
Interest on investments	1,595	2,507	-	4,102
Net cash provided by investing activities	1,595	2,507	-	4,102
Net increase (decrease) in cash and cash equivalents	2,614	(123,096)	16,960	(103,522)
Cash and cash equivalents - beginning	1,917,466	2,743,775	855,625	5,516,866
Cash and cash equivalents - ending	<u>\$ 1,920,080</u>	<u>\$ 2,620,679</u>	<u>\$ 872,585</u>	<u>\$ 5,413,344</u>
Reconciliation of operating (loss) income to net cash provided by operating activities				
Operating (loss) income	\$ (31,720)	\$ 332,669	\$ (102,029)	\$ 198,920
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:				
Depreciation	-	691,824	113,025	804,849
Change in assets and liabilities				
Receivables	-	(4,774)	-	(4,774)
Inventories, at cost	-	2,521	-	2,521
Deferred outflows	-	(55,884)	-	(55,884)
Accounts payable	1,085	(6,447)	-	(5,362)
Accrued liabilities	31,654	313	-	31,967
Compensated absences	-	14,979	-	14,979
Other post employment benefit obligations payable	-	2,059	-	2,059
Net pension liability	-	(68,399)	-	(68,399)
Deferred inflows	-	95,944	-	95,944
Total adjustments	32,739	672,136	113,025	817,900
Net cash provided by operating activities	<u>\$ 1,019</u>	<u>\$ 1,004,805</u>	<u>\$ 10,996</u>	<u>\$ 1,016,820</u>

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
Taxes			
General property taxes:			
Real property	\$ 18,081,847	\$ 18,360,000	\$ (278,153)
Personal property	1,188,344	1,230,000	(41,656)
Public utilities	281,308	252,000	29,308
Interest and penalties	233,062	150,000	83,062
Total general property taxes	19,784,561	19,992,000	(207,439)
Other property taxes:			
Other than assessed (in-lieu)	597,438	591,585	5,853
Total other property taxes	597,438	591,585	5,853
Other taxes:			
Beer wholesale	552,918	615,000	(62,082)
Liquor wholesale	252,664	243,000	9,664
Room occupancy taxes	594,310	480,000	114,310
Business taxes	906,967	900,000	6,967
City sales taxes	307,057	435,000	(127,943)
Total other taxes	2,613,916	2,673,000	(59,084)
Total taxes	22,995,915	23,256,585	(260,670)
Licenses and permits:			
Beer and liquor licenses and permits	17,220	22,000	(4,780)
Building permits	91,424	150,000	(58,576)
Electrical permits	37,032	20,000	17,032
Plumbing permits	22,032	20,000	2,032
Animal registration permits	21,374	10,500	10,874
Other licenses and permits	9,065	7,500	1,565
Total licenses and permits	198,147	230,000	(31,853)

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES (continued)
For the Year Ended June 30, 2015**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
Intergovernmental:			
State shared:			
Sales tax	\$ 2,224,228	\$ 2,150,000	\$ 74,228
Income tax	708,435	425,000	283,435
Excise tax	17,274	20,000	(2,726)
Beer barrelage	14,028	14,500	(472)
Mixed drink tax	104,109	55,000	49,109
TVA replacement	343,222	327,500	15,722
TVA impact	244,231	100,000	144,231
County shared:			
Sales tax - Roane County	1,519,934	2,165,000	(645,066)
Sales tax - Anderson County	6,200,112	6,350,000	(149,888)
State grants	49,524	-	49,524
Federal:			
DOE grants	316,668	300,000	16,668
DOE in-lieu of taxes	1,659,520	1,659,683	(163)
Total intergovernmental	13,401,285	13,566,683	(165,398)
Charges for services			
General government:			
General and administration cost	17,746	20,000	(2,254)
Public safety:			
Records processing	15,737	20,500	(4,763)
Animal shelter fees	27,316	35,000	(7,684)
Community services:			
Solid waste	1,006,993	1,004,000	2,993
Total general services	1,067,792	1,079,500	(11,708)
Use of property services:			
Activities	\$ 1,036	\$ 3,000	\$ (1,964)
Outdoor pool	119,332	101,000	18,332
Indoor pool	43,462	40,000	3,462
Rental of lands and buildings	65,731	58,068	7,663
Community center building	31,299	35,000	(3,701)
Total use of property services	260,860	237,068	23,792
Total charges for services	1,328,652	1,316,568	12,084

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES (continued)
For the Year Ended June 30, 2015**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
Fines and forfeitures:			
City court fines	\$ 52,392	\$ 60,000	\$ (7,608)
City court costs	95,956	90,000	5,956
Bail forfeitures	132,629	175,000	(42,371)
Misc. court revenues	11,564	15,000	(3,436)
Library fines and lost books	29,287	36,000	(6,713)
Total fines and forfeitures	321,828	376,000	(54,172)
Investment earnings	26,256	32,286	(6,030)
Miscellaneous revenue:			
CATV franchise	450,880	440,000	10,880
Right-of-way	60,000	60,000	-
Miscellaneous	12,785	15,000	(2,215)
Total miscellaneous revenue	523,665	515,000	8,665
Total revenues	\$ 38,795,748	\$ 39,293,122	\$ (497,374)

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Year Ended June 30, 2015

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
General government:					
Legislative:					
City council	\$ 116,914	\$ -	\$ 116,914	113,534	\$ (3,380)
Total legislative	116,914	-	116,914	113,534	(3,380)
Executive:					
City clerk	106,902	-	106,902	111,453	4,551
City manager	203,398	-	203,398	230,291	26,893
Total executive	310,300	-	310,300	341,744	31,444
Judicial:					
Legal	248,455	-	248,455	242,545	(5,910)
City court	187,039	-	187,039	208,558	21,519
Total judicial	435,494	-	435,494	451,103	15,609
Administration:					
Information services	381,390	-	381,390	416,890	35,500
Personnel	244,247	-	244,247	245,248	1,001
Stationery stores	81,027	-	81,027	91,618	10,591
Finance	191,116	-	191,116	195,718	4,602
Business office	58,182	-	58,182	62,160	3,978
Total administration	955,962	-	955,962	1,011,634	55,672
Total general government	1,818,670	-	1,818,670	1,918,015	99,345
Public safety:					
Police:					
Supervision	309,919	-	309,919	304,483	(5,436)
Investigations	1,068,598	-	1,068,598	1,044,075	(24,523)
Staff services	427,116	-	427,116	406,052	(21,064)
Patrol	3,824,311	-	3,824,311	3,877,258	52,947
Emergency communications	276,295	-	276,295	311,284	34,989
Animal control	296,397	-	296,397	304,187	7,790
School resource officer program	167,684	-	167,684	172,637	4,953
Total police	6,370,320	-	6,370,320	6,419,976	49,656
Fire:					
Supervision	209,853	-	209,853	209,341	(512)
Fire prevention	133,786	-	133,786	128,865	(4,921)
Fire fighting	3,747,116	-	3,747,116	3,737,646	(9,470)
Fire stations	234,094	(93,267)	140,827	123,822	(17,005)
Fire specialists	27,377	-	27,377	40,000	12,623
Total fire	4,352,226	(93,267)	4,258,959	4,239,674	(19,285)
Total public safety	10,722,546	(93,267)	10,629,279	10,659,650	30,371

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION (continued)
For the Year Ended June 30, 2015

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
Public works:					
Supervision	\$ 23,304	\$ -	\$ 23,304	\$ 23,292	\$ (12)
Engineering	116,053	-	116,053	130,915	14,862
State highway maintenance	101,015	-	101,015	86,952	(14,063)
General maintenance	273,050	-	273,050	421,333	148,283
Central service center	129,186	-	129,186	128,355	(831)
Municipal building	180,618	-	180,618	161,361	(19,257)
Stormwater	87,637	-	87,637	200,000	112,363
Traffic control and lights	1,068,804	-	1,068,804	1,080,300	11,496
Solid waste collection	2,715,263	-	2,715,263	2,704,000	(11,263)
Total public works	4,694,930	-	4,694,930	4,936,508	241,578
Community services:					
Community development:					
Supervision	185,603	-	185,603	188,014	2,411
Planning	111,654	-	111,654	117,116	5,462
Economic development	35,280	-	35,280	35,280	-
Marketing	352,959	-	352,959	360,818	7,859
Code enforcement	334,847	-	334,847	356,049	21,202
Housing initiatives	52,590	-	52,590	145,000	92,410
Total community development	1,072,933	-	1,072,933	1,202,277	129,344
Recreation:					
Supervision	208,125	-	208,125	258,580	50,455
Special events	128,565	-	128,565	122,500	(6,065)
Indoor aquatics	169,617	-	169,617	219,406	49,789
Outdoor aquatics	267,604	-	267,604	288,645	21,041
Centers, camps & programs	813,796	-	813,796	751,934	(61,862)
Athletics	131,911	-	131,911	150,808	18,897
Parks	827,841	-	827,841	863,986	36,145
Scarboro center	189,397	-	189,397	189,822	425
Senior center	282,325	-	282,325	287,519	5,194
Total recreation	3,019,181	-	3,019,181	3,133,200	114,019
Public library	1,397,217	-	1,397,217	1,371,860	(25,357)
Total community services	5,489,331	-	5,489,331	5,707,337	218,006
Total expenditures	\$ 22,725,477	\$ (93,267)	\$ 22,632,210	\$ 23,221,510	\$ 589,300

CITY OF OAK RIDGE, TENNESSEE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Final Budget	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 546,187	\$ 998,687	\$ (452,500)
Interest	1,508	2,000	(492)
Total revenues	547,695	1,000,687	(452,992)
Expenditures			
Current:			
Capital outlay	1,333,671	2,297,272	963,601
Total expenditures	1,333,671	2,297,272	963,601
(Deficiency) excess of revenues (under) over expenditures	(785,976)	(1,296,585)	510,609
Other financing source			
Transfers in	1,603,819	700,000	903,819
Total other financing sources	1,603,819	700,000	903,819
Net change in fund balances	817,843	(596,585)	1,414,428
Fund balance - beginning	1,697,888	1,697,888	-
Fund balance - ending	\$ 2,515,731	\$ 1,101,303	\$ 1,414,428

CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2015

	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues			
Taxes	\$ 1,861,735	1,806,020	\$ 55,715
Charges for services	892,732	892,732	-
Interest	9,480	9,000	480
Other	403,056	511,863	(108,807)
Total revenues	<u>3,167,003</u>	<u>3,219,615</u>	<u>(52,612)</u>
Expenditures			
Current debt service:			
Principal retirement	3,848,056	3,954,418	106,362
Interest and fiscal charges	3,150,792	3,862,522	711,730
Total expenditures	<u>6,998,848</u>	<u>7,816,940</u>	<u>818,092</u>
(Deficiency) excess of revenues (under) over expenditures	(3,831,845)	(4,597,325)	765,480
Other financing sources (uses)			
Transfers in	3,545,000	3,545,000	-
Transfers out	(350,000)	(350,000)	-
Net other financing sources	<u>3,195,000</u>	<u>3,195,000</u>	<u>-</u>
Net change in fund balances	(636,845)	(1,402,325)	765,480
Fund balance - beginning	10,098,497	10,098,497	-
Fund balance - ending	<u>\$ 9,461,652</u>	<u>\$ 8,696,172</u>	<u>\$ 765,480</u>

CITY OF OAK RIDGE, TENNESSEE
GENERAL OBLIGATION BONDS PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES
June 30, 2015

Fiscal Year	Refunding Bonds Series 2013		2009B Build America Bonds				Refunding Bonds Series 2009		Refunding Bonds Series 2010		Total		Total Requirements
	Principal	Interest	Principal (2)	Coupon Interest	Treasury Rebate (1)	Net Interest	Principal	Interest	Principal	Interest	Principal	Net Interest	
2016	\$ 1,350,000	\$ 27,000	\$ -	\$ 597,188	\$ (193,758)	\$ 403,430	\$ 1,325,000	\$ 745,550	\$ 460,000	\$ 104,694	\$ 3,135,000	\$ 1,280,674	\$ 4,415,674
2017	-	-	150,000	597,188	(193,758)	403,430	2,785,000	679,300	475,000	90,894	3,410,000	1,173,624	4,583,624
2018	-	-	-	591,188	(191,812)	399,376	2,920,000	540,050	500,000	76,644	3,420,000	1,016,070	4,436,070
2019	-	-	300,000	591,188	(191,812)	399,376	2,640,000	423,250	555,000	56,644	3,495,000	879,270	4,374,270
2020	-	-	-	577,313	(187,309)	390,004	2,735,000	317,650	570,000	38,605	3,305,000	746,259	4,051,259
2021	-	-	-	577,312	(187,309)	390,003	2,870,000	180,900	595,000	20,080	3,465,000	590,983	4,055,983
2022	-	-	-	577,312	(187,309)	390,003	935,000	37,400	-	-	935,000	427,403	1,362,403
2023	-	-	-	577,312	(187,309)	390,003	-	-	-	-	-	390,003	390,003
2024	-	-	-	577,312	(187,309)	390,003	-	-	-	-	-	390,003	390,003
2025	-	-	550,000	577,312	(187,309)	390,003	-	-	-	-	550,000	390,003	940,003
2026	-	-	650,000	546,375	(177,271)	369,104	-	-	-	-	650,000	369,104	1,019,104
2027	-	-	600,000	509,000	(165,145)	343,855	-	-	-	-	600,000	343,855	943,855
2028	-	-	400,000	473,750	(153,708)	320,042	-	-	-	-	400,000	320,042	720,042
2029	-	-	300,000	449,750	(145,921)	303,829	-	-	-	-	300,000	303,829	603,829
2030	-	-	300,000	431,750	(140,081)	291,669	-	-	-	-	300,000	291,669	591,669
2031	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	279,509	279,509
2032	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	279,509	279,509
2033	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	279,509	279,509
2034	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	279,509	279,509
2035	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	279,509	279,509
2036	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	279,509	279,509
2037	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	279,509	279,509
2038	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	279,509	279,509
2039	-	-	2,500,000	413,750	(134,241)	279,509	-	-	-	-	2,500,000	279,509	2,779,509
2040	-	-	2,500,000	260,000	(84,357)	175,643	-	-	-	-	2,500,000	175,643	2,675,643
2041	-	-	1,500,000	97,500	(31,634)	65,866	-	-	-	-	1,500,000	65,866	1,565,866
Total	<u>\$ 1,350,000</u>	<u>\$ 27,000</u>	<u>\$ 9,750,000</u>	<u>\$ 12,332,500</u>	<u>\$ (4,001,280)</u>	<u>\$ 8,331,220</u>	<u>\$ 16,210,000</u>	<u>\$ 2,924,100</u>	<u>\$ 3,155,000</u>	<u>\$ 387,561</u>	<u>\$ 30,465,000</u>	<u>\$ 11,669,881</u>	<u>\$ 42,134,881</u>

(1) The federal government provides a 35% subsidy on the interest payment due on these bonds.

The City has no assurance that the United States government will continue to make or will not reduce the direct subsidy payments.

A portion of the subsidies in fiscal 2013 and 2014 were reduced due to the federal sequestration.

The treasury rebates shown incorporates a sequestration reduction rate of 7.3%.

(2) The 2009B Build America Bonds includes \$450,000 principal balance reported in the Equipment Replacement Rental Fund (internal service fund).

CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST REQUIREMENTS
BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES
June 30, 2015

Fiscal Year	Public Building Authority of Clarksville, TN TMBF Series 1994 (1)		Public Building Authority of Clarksville, TN TMBF Series 2001 (1)		Public Building Authority of Clarksville, TN TMBF Series 2008 (1)		Public Building Authority Blount County, TN Series B-11-A (2)		Public Building Authority Blount County, TN Series B-9-A (2)	
	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees
2016	\$ -	\$ 5,631	\$ 87,000	\$ 1,612	\$ 5,000	\$ 61,474	\$ -	\$ 232,969	\$ 400,000	\$ 617,563
2017	65,722	5,577	37,000	468	-	61,437	-	232,969	450,000	603,562
2018	70,326	4,923	-	-	-	61,437	-	232,969	500,000	587,250
2019	75,251	4,223	-	-	-	61,437	-	232,969	550,000	568,500
2020	80,512	3,473	-	-	75,000	61,387	-	232,969	500,000	547,875
2021	86,145	2,672	-	-	35,000	60,810	-	232,969	550,000	527,875
2022	92,183	1,814	-	-	470,000	60,241	-	232,969	2,600,000	505,875
2023	98,626	896	-	-	1,100,000	56,041	-	232,969	3,100,000	382,375
2024	-	-	-	-	775,000	47,401	-	232,969	3,300,000	235,125
2025	-	-	-	-	1,555,000	40,646	-	232,969	1,700,000	70,125
2026	-	-	-	-	1,905,000	27,898	-	232,969	-	-
2027	-	-	-	-	1,717,288	12,688	-	232,969	-	-
2028	-	-	-	-	-	-	-	232,969	-	-
2029	-	-	-	-	-	-	-	232,969	-	-
2030	-	-	-	-	-	-	-	232,969	-	-
2031	-	-	-	-	-	-	-	232,969	-	-
2032	-	-	-	-	-	-	-	232,969	-	-
2033	-	-	-	-	-	-	-	232,969	-	-
2034	-	-	-	-	-	-	-	232,969	-	-
2035	-	-	-	-	-	-	-	232,969	-	-
2036	-	-	-	-	-	-	-	232,969	-	-
2037	-	-	-	-	-	-	2,600,000	232,969	-	-
2038	-	-	-	-	-	-	2,725,000	119,219	-	-
Total	<u>\$ 568,765</u>	<u>\$ 29,209</u>	<u>\$ 124,000</u>	<u>\$ 2,080</u>	<u>\$ 7,637,288</u>	<u>\$ 612,897</u>	<u>\$ 5,325,000</u>	<u>\$ 5,244,537</u>	<u>\$ 13,650,000</u>	<u>\$ 4,646,125</u>

- (1) The interest rate varies on a weekly basis on loans through the Public Building Authority of Clarksville, TN (TMBF). The amortization schedules are based on the interest rate in effect on June 30, 2014. For the 1994 loan this is .99%, 2001 loan 1.38%, and 2008 loan .80%.
- (2) The interest rate is fixed on the loans through the Public Building Authority of Blount County. Interest on the B-9-A loan is at 4.375%. Interest on the B-11-A loan ranges from 3.75% to 5.0%. The B-9-A and B-11-A loans were refunded on December 18, 2015. Refer to Note 14.

CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST REQUIREMENTS
BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES (continued)
June 30, 2015

Fiscal Year	Public Building Authority Sevier County, TN Series VII-E-1 (3)		Public Building Authority Sevier County, TN Series VI-M-1 (3)		Tennessee School Bond Authority QZAB Series 2004 (4)		Tennessee School Bond Authority QZAB Series 2005 (4)		Total		Total Requirements
	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Fees	Principal	Fees	Principal	Fees/ Interest	
2016	\$ -	\$ 721,026	\$ -	\$ 161,129	\$ 440,585	\$ 2,115	\$ 68,833	\$ 330	\$ 1,001,418	\$ 1,803,849	\$ 2,805,267
2017	-	721,026	-	161,129	440,585	2,115	68,833	330	1,062,140	1,788,613	2,850,753
2018	-	721,026	-	161,129	440,585	2,115	68,834	330	1,079,745	1,771,179	2,850,924
2019	-	721,026	-	161,129	440,585	2,115	68,833	330	1,134,669	1,751,729	2,886,398
2020	-	721,026	-	161,129	440,585	2,115	68,833	330	1,164,930	1,730,304	2,895,234
2021	-	721,026	-	161,129	440,585	2,115	68,834	330	1,180,564	1,708,926	2,889,490
2022	-	721,026	-	161,129	-	-	-	-	3,162,183	1,683,054	4,845,237
2023	-	721,026	-	161,129	-	-	-	-	4,298,626	1,554,436	5,853,062
2024	-	721,026	-	161,129	-	-	-	-	4,075,000	1,397,650	5,472,650
2025	-	721,026	-	161,129	-	-	-	-	3,255,000	1,225,895	4,480,895
2026	-	721,026	1,465,000	161,129	-	-	-	-	3,370,000	1,143,022	4,513,022
2027	-	721,026	1,540,000	111,277	-	-	-	-	3,257,288	1,077,960	4,335,248
2028	-	721,026	1,615,000	58,872	-	-	-	-	1,615,000	1,012,867	2,627,867
2029	1,570,000	721,026	115,000	3,914	-	-	-	-	1,685,000	957,909	2,642,909
2030	1,745,000	667,478	-	-	-	-	-	-	1,745,000	900,447	2,645,447
2031	1,820,000	607,961	-	-	-	-	-	-	1,820,000	840,930	2,660,930
2032	4,315,000	545,885	-	-	-	-	-	-	4,315,000	778,854	5,093,854
2033	4,515,000	398,713	-	-	-	-	-	-	4,515,000	631,682	5,146,682
2034	2,295,000	244,719	-	-	-	-	-	-	2,295,000	477,688	2,772,688
2035	2,390,000	166,442	-	-	-	-	-	-	2,390,000	399,411	2,789,411
2036	2,490,000	84,926	-	-	-	-	-	-	2,490,000	317,895	2,807,895
2037	-	-	-	-	-	-	-	-	2,600,000	232,969	2,832,969
2038	-	-	-	-	-	-	-	-	2,725,000	119,219	2,844,219
Total	\$ 21,140,000	\$ 12,810,488	\$ 4,735,000	\$ 1,946,482	\$ 2,643,510	\$ 12,690	\$ 413,000	\$ 1,980	\$ 56,236,563	\$ 25,306,488	\$ 81,543,051

- (3) The loans through the Public Building Authority of Sevier County are under interest rate swap agreements. Refer to Note 14.
- (4) Qualified Zone Academy Bonds (QZAB) is a federal program that provides interest free loans to finance eligible school renovations. The QZAB programs are administered through the state department of educations.

**CITY OF OAK RIDGE, TENNESSEE
BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND
June 30, 2015**

Fiscal Year	Electric Revenue Bonds Refunding Series 2003		General Obligation Bonds Refunding Series 2003		2009B Build America Bonds				Total		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Coupon Interest	Treasury Rebate (1)	Net Interest	Principal	Net Interest	
2016	960,000	38,400	-	448,444	-	302,775	(98,235)	204,540	960,000	691,384	1,651,384
2017	-	-	1,000,000	448,444	-	302,775	(98,235)	204,540	1,000,000	652,984	1,652,984
2018	-	-	1,045,000	398,444	-	302,775	(98,235)	204,540	1,045,000	602,984	1,647,984
2019	-	-	1,055,000	356,644	-	302,775	(98,235)	204,540	1,055,000	561,184	1,616,184
2020	-	-	1,135,000	314,444	-	302,775	(98,235)	204,540	1,135,000	518,984	1,653,984
2021	-	-	1,150,000	257,694	-	302,775	(98,235)	204,540	1,150,000	462,234	1,612,234
2022	-	-	1,210,000	200,194	-	302,775	(98,235)	204,540	1,210,000	404,734	1,614,734
2023	-	-	1,300,000	151,794	-	302,775	(98,235)	204,540	1,300,000	356,334	1,656,334
2024	-	-	1,065,000	96,544	-	302,775	(98,235)	204,540	1,065,000	301,084	1,366,084
2025	-	-	1,110,000	49,950	-	302,775	(98,235)	204,540	1,110,000	254,490	1,364,490
2026	-	-	-	-	-	302,775	(98,235)	204,540	-	204,540	204,540
2027	-	-	-	-	-	302,775	(98,235)	204,540	-	204,540	204,540
2028	-	-	-	-	450,000	302,775	(98,235)	204,540	450,000	204,540	654,540
2029	-	-	-	-	450,000	275,775	(89,475)	186,300	450,000	186,300	636,300
2030	-	-	-	-	450,000	248,775	(80,715)	168,060	450,000	168,060	618,060
2031	-	-	-	-	450,000	221,775	(71,955)	149,820	450,000	149,820	599,820
2032	-	-	-	-	450,000	194,775	(63,195)	131,580	450,000	131,580	581,580
2033	-	-	-	-	450,000	167,775	(54,435)	113,340	450,000	113,340	563,340
2034	-	-	-	-	450,000	140,775	(45,674)	95,101	450,000	95,101	545,101
2035	-	-	-	-	450,000	113,775	(36,914)	76,861	450,000	76,861	526,861
2036	-	-	-	-	450,000	86,100	(27,935)	58,165	450,000	58,165	508,165
2037	-	-	-	-	475,000	58,425	(18,956)	39,469	475,000	39,469	514,469
2038	-	-	-	-	475,000	29,212	(9,478)	19,734	475,000	19,734	494,734
Total	<u>\$ 960,000</u>	<u>\$ 38,400</u>	<u>\$ 10,070,000</u>	<u>\$ 2,722,596</u>	<u>\$ 5,000,000</u>	<u>\$ 5,473,237</u>	<u>\$ (1,775,787)</u>	<u>\$ 3,697,450</u>	<u>\$ 16,030,000</u>	<u>\$ 6,458,446</u>	<u>\$ 22,488,446</u>

- (1) The federal government provides a 35% subsidy on the interest payment due on these bonds.
The City has no assurance that the United States government will continue to make or will not reduce the direct subsidy payments.
A portion of the subsidies in fiscal 2013 and 2014 were reduced due to the federal sequestration.
The treasury rebates shown incorporates a sequestration reduction rate of 7.3%.

**CITY OF OAK RIDGE, TENNESSEE
BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND
June 30, 2015**

Fiscal Year	General Obligation Bonds		2009B Build America Bonds				General Obligation Bonds		Total		Total Requirements
	Refunding Series 2013		Principal	Coupon Interest	Treasury Rebate (1)	Net Interest	Refunding Series 2011 B		Principal	Net Interest	
	Principal	Interest					Principal	Interest			
2016	730,000	688,250	-	292,125	(94,780)	197,345	100,000	253,550	830,000	1,139,145	1,969,145
2017	235,000	673,650	-	292,125	(94,780)	197,345	200,000	251,550	435,000	1,122,545	1,557,545
2018	245,000	668,950	-	292,125	(94,780)	197,345	200,000	247,550	445,000	1,113,845	1,558,845
2019	255,000	661,600	-	292,125	(94,780)	197,345	225,000	243,550	480,000	1,102,495	1,582,495
2020	665,000	653,950	-	292,125	(94,780)	197,345	225,000	239,050	890,000	1,090,345	1,980,345
2021	1,025,000	634,000	-	292,125	(94,780)	197,345	225,000	234,550	1,250,000	1,065,895	2,315,895
2022	1,055,000	603,250	-	292,125	(94,780)	197,345	275,000	230,050	1,330,000	1,030,645	2,360,645
2023	375,000	561,050	200,000	292,125	(94,780)	197,345	975,000	223,863	1,550,000	982,258	2,532,258
2024	285,000	546,050	450,000	282,125	(91,535)	190,590	1,325,000	199,488	2,060,000	936,128	2,996,128
2025	290,000	537,500	450,000	257,375	(83,505)	173,870	1,375,000	166,362	2,115,000	877,732	2,992,732
2026	305,000	528,800	400,000	232,063	(75,293)	156,770	1,500,000	128,550	2,205,000	814,120	3,019,120
2027	215,000	518,888	750,000	209,063	(67,830)	141,233	1,650,000	86,550	2,615,000	746,671	3,361,671
2028	825,000	510,288	900,000	165,000	(53,534)	111,466	1,235,000	37,050	2,960,000	658,804	3,618,804
2029	1,815,000	481,413	900,000	111,000	(36,014)	74,986	-	-	2,715,000	556,399	3,271,399
2030	1,890,000	408,813	950,000	56,999	(18,494)	38,505	-	-	2,840,000	447,318	3,287,318
2031	1,910,000	333,212	-	-	-	-	-	-	1,910,000	333,212	2,243,212
2032	1,990,000	256,812	-	-	-	-	-	-	1,990,000	256,812	2,246,812
2033	2,075,000	169,750	-	-	-	-	-	-	2,075,000	169,750	2,244,750
2034	1,805,000	78,968	-	-	-	-	-	-	1,805,000	78,968	1,883,968
Total	\$ 17,990,000	\$ 9,515,194	\$ 5,000,000	\$ 3,650,625	\$ (1,184,445)	\$ 2,466,180	\$ 9,510,000	\$ 2,541,713	\$ 32,500,000	\$ 14,523,087	\$ 47,023,087

- (1) The federal government provides a 35% subsidy on the interest payment due on these bonds.
The City has no assurance that the United States government will continue to make or will not reduce the direct subsidy payments.
A portion of the subsidies in fiscal 2013 and 2014 were reduced due to the federal sequestration.
The treasury rebates shown incorporates a sequestration reduction rate of 7.3%.

CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND
June 30, 2015

Fiscal Year	Public Building Authority of Clarksville, TN TMBF Series 2005 (1)		Public Building Authority of Clarksville, TN TMBF Series 2008 (1)		Total		Total Requirements
	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest	
2016	\$ 143,448	\$ 15,602	\$ 70,000	\$ 11,380	\$ 213,448	\$ 26,982	\$ 240,430
2017	149,453	14,435	-	10,866	149,453	25,301	174,754
2018	155,124	13,220	-	10,866	155,124	24,086	179,210
2019	161,463	11,958	35,000	10,843	196,463	22,801	219,264
2020	167,801	10,644	-	10,586	167,801	21,230	189,031
2021	174,807	9,279	40,000	10,560	214,807	19,839	234,646
2022	181,812	7,857	-	10,266	181,812	18,123	199,935
2023	188,818	6,379	-	10,266	188,818	16,645	205,463
2024	196,491	4,843	290,000	10,076	486,491	14,919	501,410
2025	204,498	3,245	305,000	7,746	509,498	10,991	520,489
2026	212,505	1,581	355,000	5,274	567,505	6,855	574,360
2027	-	-	333,296	2,448	333,296	2,448	335,744
Total	<u>\$ 1,936,220</u>	<u>\$ 99,043</u>	<u>\$ 1,428,296</u>	<u>\$ 111,177</u>	<u>\$ 3,364,516</u>	<u>\$ 210,220</u>	<u>\$ 3,574,736</u>

- (1) The interest rate varies on a weekly basis on loans through the Public Building Authority of Clarksville, TN (TMBF). The amortization schedules are based on the interest rate in effect on June 30, 2015. The interest rate for the 2005 loan is .81% and 2008 loan .80%.

CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND
June 30, 2015

Fiscal Year	Public Building Authority of Clarksville, TN TMBF Series 1994 (1)		Public Building Authority of Clarksville, TN TMBF Series 2001 (1)		Public Building Authority of Clarksville, TN TMBF Series 2005 (1)		Public Building Authority of Clarksville, TN TMBF Series 2008 (1)		Public Building Authority of Clarksville, TN TMBF Series 2012 (1)	
	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees
2016	\$ -	\$ 27,757	\$ 171,000	\$ 11,721	\$ 286,552	\$ 31,138	\$ -	\$ 14,355	\$ 174,000	\$ 46,871
2017	323,978	27,493	180,000	10,262	298,547	28,809	75,000	14,306	182,000	45,115
2018	346,674	24,268	189,000	8,725	309,876	26,383	85,000	13,699	190,000	43,278
2019	370,949	20,816	198,000	7,112	322,537	23,865	60,000	13,036	199,000	41,360
2020	396,888	17,122	208,000	5,423	335,199	21,244	60,000	12,556	208,000	39,351
2021	424,655	13,170	218,000	3,647	349,193	18,520	60,000	12,076	217,000	37,252
2022	454,417	8,942	229,000	1,787	363,188	15,682	-	11,635	227,000	35,061
2023	486,174	4,418	-	-	377,182	12,731	160,000	11,530	237,000	32,770
2024	-	-	-	-	392,509	9,665	295,000	10,161	248,000	30,377
2025	-	-	-	-	408,502	6,475	315,000	7,788	259,000	27,874
2026	-	-	-	-	424,496	3,156	335,000	5,255	270,000	25,260
2027	-	-	-	-	-	-	349,416	2,567	282,000	22,535
2028	-	-	-	-	-	-	-	-	295,000	19,689
2029	-	-	-	-	-	-	-	-	308,000	16,711
2030	-	-	-	-	-	-	-	-	322,000	13,602
2031	-	-	-	-	-	-	-	-	337,000	10,351
2032	-	-	-	-	-	-	-	-	352,000	6,950
2033	-	-	-	-	-	-	-	-	368,000	3,396
2034	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 2,803,735</u>	<u>\$ 143,986</u>	<u>\$ 1,393,000</u>	<u>\$ 48,677</u>	<u>\$ 3,867,781</u>	<u>\$ 197,668</u>	<u>\$ 1,794,416</u>	<u>\$ 128,964</u>	<u>\$ 4,675,000</u>	<u>\$ 497,803</u>

- (1) The interest rate varies on a weekly basis on loans through the Public Building Authority of Clarksville, TN (TMBF).
The amortization schedules are based on the interest rate in effect on June 30, 2015.
For the 1994 loan this is .99%, 2001 loan .85%, 2005 loan .81%, 2008 loan .80% and 2012 loan 1.01%.

CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND (continued)
June 30, 2015

Fiscal Year	Capital Outlay Notes		2013-324		2013-325		2014-337				Total Requirements
	Interfund Loan		State Revolving Fund Loan		State Revolving Fund Loan		State Revolving Fund Loan		Total		
	From General Fund (2)		Interest/Fee at 1.23% (3)		Interest/Fee at 1.23% (4)		Interest/Fee at 1.81% (5)				
	Principal	Interest	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Fees/ Interest	
2016	\$ 238,095	\$ 10,833	\$ 83,646	\$ 22,714	\$ 350,104	\$ 95,069	\$ 10,366	\$ 4,395	\$ 1,313,763	\$ 264,853	\$ 1,578,616
2017	238,096	8,333	84,681	21,679	354,435	90,738	10,555	4,205	1,747,292	250,940	1,998,232
2018	238,095	5,952	85,729	20,632	358,819	86,354	10,748	4,013	1,813,941	233,304	2,047,245
2019	238,095	3,571	86,789	19,571	363,257	81,916	10,944	3,817	1,849,571	215,064	2,064,635
2020	238,096	1,190	87,863	18,498	367,751	77,423	11,144	3,617	1,912,941	196,424	2,109,365
2021	-	-	88,949	17,411	372,299	72,874	11,347	3,413	1,741,443	178,363	1,919,806
2022	-	-	90,050	16,311	376,905	68,268	11,554	3,206	1,752,114	160,892	1,913,006
2023	-	-	91,164	15,197	381,567	63,606	11,765	2,995	1,744,852	143,247	1,888,099
2024	-	-	92,291	14,069	386,287	58,886	11,980	2,781	1,426,067	125,939	1,552,006
2025	-	-	93,433	12,927	391,065	54,108	12,198	2,562	1,479,198	111,734	1,590,932
2026	-	-	94,589	11,772	395,902	49,271	12,421	2,339	1,532,408	97,053	1,629,461
2027	-	-	95,759	10,602	400,799	44,374	12,648	2,113	1,140,622	82,191	1,222,813
2028	-	-	96,943	9,417	405,757	39,416	12,879	1,882	810,579	70,404	880,983
2029	-	-	98,142	8,218	410,776	34,397	13,114	1,647	830,032	60,973	891,005
2030	-	-	99,356	7,004	415,857	29,316	13,353	1,408	850,566	51,330	901,896
2031	-	-	100,585	5,775	421,001	24,172	13,597	1,164	872,183	41,462	913,645
2032	-	-	101,829	4,531	426,209	18,964	13,845	916	893,883	31,361	925,244
2033	-	-	103,089	3,271	431,481	13,692	14,098	663	916,668	21,022	937,690
2034	-	-	104,364	1,996	436,817	8,356	14,354	405	555,535	10,757	566,292
2035	-	-	105,655	705	442,220	2,952	14,616	143	562,491	3,800	566,291
Total	\$ 1,190,477	\$ 29,879	\$ 1,884,906	\$ 242,300	\$ 7,889,308	\$ 1,014,152	\$ 247,526	\$ 47,684	\$ 25,746,149	\$ 2,351,113	\$ 28,097,262

- (2) In accordance with Tennessee State Law, an interfund loan between the waterworks fund and general fund was issued in the form of capital outlay notes. Interest on the loan was set at 1%.
- (3) The City is still drawing funds as capital projects occur on this loan through the State Revolving Loan Fund. At June 30, 2015, \$1,905,660 remains available for draw. Principal payments will begin when the projects have been substantially completed. This loan contains a 10% principal forgiveness which is reflected in the amortization schedule. The amortization schedule is based on the annual payments that would occur if the loan had been closed at the current outstanding principal amount.
- (4) The City is still drawing funds as capital projects occur on this loan through the State Revolving Loan Fund. At June 30, 2015, \$6,110,692 remains available for draw. Principal payments will begin when the projects have been substantially completed. The amortization schedule is based on the annual payments that would occur if the loan had been closed at the current outstanding principal amount.
- (5) The City is still drawing funds as capital projects occur on this loan through the State Revolving Loan Fund. At June 30, 2015, \$2,752,474 remains available for draw. Principal payments will begin when the projects have been substantially completed. The amortization schedule is based on the annual payments that would occur if the loan had been closed at the current outstanding principal amount.

CITY OF OAK RIDGE, TENNESSEE
CAPITAL LEASE AMORTIZATION - PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES
June 30, 2015

Fiscal Year	Schools - Technology Equipment Lease		City Equipment Rental Replacement Rental Fund - Fire Truck Lease		Total		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 121,313	3,237	68,477	30,460	189,790	33,697	223,487
2017	-	-	70,807	28,130	70,807	28,130	98,937
2018	-	-	73,215	25,722	73,215	25,722	98,937
2019	-	-	75,706	23,231	75,706	23,231	98,937
2020	-	-	78,282	20,655	78,282	20,655	98,937
2021	-	-	80,945	17,992	80,945	17,992	98,937
2022	-	-	83,698	15,239	83,698	15,239	98,937
2023	-	-	86,546	12,391	86,546	12,391	98,937
2024	-	-	89,490	9,447	89,490	9,447	98,937
2025	-	-	92,534	6,403	92,534	6,403	98,937
2026	-	-	95,682	3,255	95,682	3,255	98,937
Total	<u>\$ 121,313</u>	<u>\$ 3,237</u>	<u>\$ 895,382</u>	<u>\$ 192,925</u>	<u>\$ 1,016,695</u>	<u>\$ 196,162</u>	<u>\$ 1,212,857</u>

CITY OF OAK RIDGE, TENNESSEE
CAPITAL LEASE AMORTIZATION - PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - EMERGENCY COMMUNICATIONS DISTRICT FUND
June 30, 2015

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 136,924	\$ 13,978	\$ 150,902
2017	143,744	7,157	150,901
Total	<u>\$ 280,668</u>	<u>\$ 21,135</u>	<u>\$ 301,803</u>

CITY OF OAK RIDGE, TENNESSEE

Statistical Section

This part of the City of Oak Ridge's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

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Fund Balances, Governmental Funds	F-6
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Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and local sales tax.

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CITY OF OAK RIDGE, TENNESSEE

Statistical Section (continued)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City Implemented GASB Statement No. 34 effective for the fiscal year ended June 30, 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF OAK RIDGE, TENNESSEE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 1

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 31,540,540	\$ 35,621,496	\$ 48,509,856	\$ 45,110,444	\$ 36,306,869	\$ 38,500,904	\$ 39,810,637	\$ 39,509,172	\$ 37,380,405	\$ 41,105,838
Restricted	16,254,147	8,437,063	-	-	-	-	-	-	1,715,972	1,308,009
Unrestricted	4,868,333	13,040,675	17,395,007	18,213,217	25,468,174	26,701,583	20,769,587	24,233,680	23,231,573	6,875,853
Total Governmental Activities Net Position	<u>\$ 52,663,020</u>	<u>\$ 57,099,234</u>	<u>\$ 65,904,863</u>	<u>\$ 63,323,661</u>	<u>\$ 61,775,043</u>	<u>\$ 65,202,487</u>	<u>\$ 60,580,224</u>	<u>\$ 63,742,852</u>	<u>\$ 62,327,950</u>	<u>\$ 49,289,700</u>
Business-type Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 62,355,102	\$ 63,965,893	\$ 71,964,232	\$ 75,244,455	\$ 74,961,657	\$ 75,189,718	\$ 73,448,261	\$ 79,088,293	\$ 78,797,599	\$ 86,340,385
Restricted	137,467	135,365	138,433	417,473	-	-	-	-	-	-
Unrestricted	731,699	(1,261,077)	(2,737,805)	(2,748,855)	266,207	3,992,597	6,703,403	6,713,982	11,656,700	7,003,700
Total Business-type Activities Net Position	<u>\$ 63,224,268</u>	<u>\$ 62,840,181</u>	<u>\$ 69,364,860</u>	<u>\$ 72,913,073</u>	<u>\$ 75,227,864</u>	<u>\$ 79,182,315</u>	<u>\$ 80,151,664</u>	<u>\$ 85,802,275</u>	<u>\$ 90,454,299</u>	<u>\$ 93,344,085</u>
Primary Government										
Invested in Capital Assets,										
Net of Related Debt	\$ 93,895,642	\$ 99,587,389	\$ 120,474,088	\$ 120,354,899	\$ 111,268,526	\$ 113,690,622	\$ 113,258,898	\$ 118,597,465	\$ 116,178,004	\$ 127,446,223
Restricted	16,391,614	8,572,428	138,433	417,473	-	-	-	-	1,715,972	1,308,009
Unrestricted	5,600,032	11,779,598	14,657,202	15,464,362	25,734,381	30,694,180	27,472,990	30,947,662	34,888,273	13,879,553
Total Primary Government Net Position	<u>\$ 115,887,288</u>	<u>\$ 119,939,415</u>	<u>\$ 135,269,723</u>	<u>\$ 136,236,734</u>	<u>\$ 137,002,907</u>	<u>\$ 144,384,802</u>	<u>\$ 140,731,888</u>	<u>\$ 149,545,127</u>	<u>\$ 152,782,249</u>	<u>\$ 142,633,785</u>

CITY OF OAK RIDGE, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$ 2,296,955	\$ 958,808	\$ 1,418,117	\$ 3,338,015	\$ 2,299,795	\$ 2,473,719	\$ 1,634,750	\$ 1,876,699	\$ 1,722,852	\$ 1,319,757
Public Safety	8,609,654	9,354,706	11,951,624	12,293,756	12,170,498	12,417,297	12,798,262	13,228,802	13,952,499	13,311,097
Public Works	4,042,211	4,245,565	4,551,008	4,380,741	4,470,805	4,848,131	7,221,150	7,060,805	6,837,541	7,255,705
Community Services	9,907,380	10,944,438	11,026,261	11,592,367	10,716,684	10,911,603	8,541,374	8,088,462	8,505,463	8,525,602
Education	45,823,972	44,222,039	42,637,039	51,313,351	55,550,747	55,542,535	57,585,524	56,876,776	57,401,831	53,833,767
Interest and Fiscal Charges	2,316,963	2,974,889	4,244,444	4,840,057	4,965,671	4,418,981	8,536,676	3,747,845	3,278,321	3,192,241
Total Governmental Activities Expenses	<u>72,997,135</u>	<u>72,700,445</u>	<u>75,828,493</u>	<u>87,758,287</u>	<u>90,174,200</u>	<u>90,612,266</u>	<u>96,317,736</u>	<u>90,879,389</u>	<u>91,698,507</u>	<u>87,438,169</u>
Business-type Activities:										
Electric	37,926,429	41,773,668	44,072,861	49,952,558	46,365,601	51,171,287	51,952,938	51,452,426	52,872,689	52,334,630
Waterworks	13,776,337	15,788,355	16,615,370	17,222,147	16,845,380	17,770,763	18,621,033	19,069,463	17,063,502	16,501,948
Emergency Communication District	347,391	356,781	553,265	568,519	456,154	505,551	478,965	416,911	533,174	571,904
Total Business-type Activities Expenses	<u>52,050,157</u>	<u>57,918,804</u>	<u>61,241,496</u>	<u>67,743,224</u>	<u>63,667,135</u>	<u>69,447,601</u>	<u>71,052,936</u>	<u>70,938,800</u>	<u>70,469,365</u>	<u>69,408,482</u>
Total Primary Government Expenses	<u>\$ 125,047,292</u>	<u>\$ 130,619,249</u>	<u>\$ 137,069,989</u>	<u>\$ 155,501,511</u>	<u>\$ 153,841,335</u>	<u>\$ 160,059,867</u>	<u>\$ 167,370,672</u>	<u>\$ 161,818,189</u>	<u>\$ 162,167,872</u>	<u>\$ 156,846,651</u>
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 1,050,931	\$ 1,068,902	\$ 1,069,158	\$ 1,058,252	\$ 931,544	\$ 940,076	\$ 935,280	\$ 937,120	\$ 938,000	\$ 936,763
Public Safety	414,184	445,986	406,046	433,075	1,404,083	1,046,023	895,676	940,256	1,293,905	465,442
Community Services	2,558,599	2,505,024	2,481,141	2,417,965	2,508,040	2,580,572	2,572,394	2,358,126	2,375,420	2,333,738
Education	1,853,765	1,791,167	2,065,529	1,810,598	1,715,903	1,544,327	1,427,525	1,197,033	1,111,116	1,074,418
Operating Grants and Contributions	31,365,321	32,698,403	38,302,402	39,948,251	40,677,481	41,364,846	41,485,129	42,282,178	42,463,661	41,779,426
Capital Grant and Contributions	240,814	31,308	465,589	244,318	154,393	3,452,280	118,686	-	-	846,244
Total Governmental Activities Program Revenues	<u>37,483,614</u>	<u>38,540,790</u>	<u>44,789,865</u>	<u>45,912,459</u>	<u>47,391,444</u>	<u>50,928,124</u>	<u>47,434,690</u>	<u>47,714,713</u>	<u>48,182,102</u>	<u>47,436,031</u>
Business-type Activities:										
Charges for Services										
Electric	38,227,318	41,184,246	44,844,650	51,764,998	47,916,470	53,998,664	52,650,987	52,891,247	55,752,733	55,589,835
Waterworks	12,800,009	14,138,838	16,734,346	19,819,808	19,218,854	18,625,204	18,551,034	20,500,542	19,650,454	20,622,223
Emergency Communication District	436,143	527,319	518,063	493,639	521,059	522,412	505,107	503,651	472,394	482,070
Operating Grants and Contributions	11,526	30,848	-	-	-	55,000	24,456	33,931	692,522	171,097
Capital Grant and Contributions	122,436	1,003,056	5,062,972	1,067,960	185,089	1,915,670	695,756	2,510,060	138,929	695,198
Total Business-type Activities Program Revenues	<u>51,597,432</u>	<u>56,884,307</u>	<u>67,160,031</u>	<u>73,146,405</u>	<u>67,841,472</u>	<u>75,116,950</u>	<u>72,427,340</u>	<u>76,439,431</u>	<u>76,707,032</u>	<u>77,560,423</u>
Total Primary Government Program Revenues	<u>\$ 89,081,046</u>	<u>\$ 95,425,097</u>	<u>\$ 111,949,896</u>	<u>\$ 119,058,864</u>	<u>\$ 115,232,916</u>	<u>\$ 126,045,074</u>	<u>\$ 119,862,030</u>	<u>\$ 124,154,144</u>	<u>\$ 124,889,134</u>	<u>\$ 124,996,454</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE
CHANGES IN NET POSITION (continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (35,513,521)	\$ (34,159,655)	\$ (31,038,628)	\$ (41,845,828)	\$ (42,782,756)	\$ (39,684,142)	\$ (48,883,046)	\$ (43,164,676)	\$ (43,516,405)	\$ (40,002,138)
Business-type Activities	(452,725)	(1,034,497)	5,918,535	5,403,181	4,174,337	5,669,349	1,374,404	5,500,631	6,237,667	8,151,941
Total Primary Governmental Net Expense	<u>\$ (35,966,246)</u>	<u>\$ (35,194,152)</u>	<u>\$ (25,120,093)</u>	<u>\$ (36,442,647)</u>	<u>\$ (38,608,419)</u>	<u>\$ (34,014,793)</u>	<u>\$ (47,508,642)</u>	<u>\$ (37,664,045)</u>	<u>\$ (37,278,738)</u>	<u>\$ (31,850,197)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 15,734,618	\$ 16,283,441	\$ 17,770,961	\$ 19,169,307	\$ 18,999,090	\$ 18,975,327	\$ 20,228,638	\$ 19,185,345	\$ 19,730,132	\$ 19,848,500
In-lieu of Tax Payments	3,860,930	3,903,756	3,988,922	1,657,594	1,914,745	2,154,611	2,182,332	2,278,350	2,279,959	2,256,958
Sales Taxes	9,904,536	9,810,033	10,799,248	10,110,993	11,526,911	11,811,555	10,949,982	10,906,934	9,694,331	9,888,838
Unrestricted State Shared Taxes	3,492,328	4,071,325	4,010,334	3,653,748	3,571,878	3,664,292	3,934,144	4,033,802	4,211,529	4,489,726
Business Taxes	999,362	913,226	849,823	791,480	802,606	957,007	1,118,107	764,685	1,128,925	906,967
Occupancy Taxes	427,608	455,744	542,126	558,612	489,976	531,416	482,365	532,309	508,147	542,257
Wholesale Beer and Liquor Taxes	774,866	812,010	839,642	852,203	825,329	837,667	844,879	854,076	848,140	805,582
Gain (Loss) on Sale of Capital Assets	254,595	(17,362)	43,940	(623,323)	4,149	1,704	-	-	-	-
Investment Earnings	752,673	1,147,655	975,309	428,472	108,194	69,411	91,463	81,431	49,097	44,170
Investment Earnings - Change in Fair Value of Interest Rate Swap	-	-	-	-	-	-	-	3,169,165	(438,257)	(882,448)
Miscellaneous	1,382,109	938,511	2,010,017	1,434,418	1,474,112	1,423,314	1,572,966	1,609,940	1,077,182	1,555,196
Transfers	357,963	277,530	288,910	2,831,471	2,796,515	2,685,282	2,855,907	2,911,267	3,012,318	3,081,766
Total Governmental Activities	<u>37,941,588</u>	<u>38,595,869</u>	<u>42,119,232</u>	<u>40,864,975</u>	<u>42,513,505</u>	<u>43,111,586</u>	<u>44,260,783</u>	<u>46,327,304</u>	<u>42,101,503</u>	<u>42,537,512</u>
Business-type Activities:										
Investment Earnings	52,996	80,328	57,500	41,179	54,083	55,470	56,362	16,499	10,927	12,883
Miscellaneous	729,111	847,612	837,554	935,324	882,886	914,914	2,394,490	3,307,647	1,415,748	1,094,970
Transfers	(357,963)	(277,530)	(288,910)	(2,831,471)	(2,796,515)	(2,685,282)	(2,855,907)	(2,911,267)	(3,012,318)	(3,081,766)
Total Business-type Activities:	<u>424,144</u>	<u>650,410</u>	<u>606,144</u>	<u>(1,854,968)</u>	<u>(1,859,546)</u>	<u>(1,714,898)</u>	<u>(405,055)</u>	<u>412,879</u>	<u>(1,585,643)</u>	<u>(1,973,913)</u>
Total Primary Government	<u>\$ 38,365,732</u>	<u>\$ 39,246,279</u>	<u>\$ 42,725,376</u>	<u>\$ 39,010,007</u>	<u>\$ 40,653,959</u>	<u>\$ 41,396,688</u>	<u>\$ 43,855,728</u>	<u>\$ 46,740,183</u>	<u>\$ 40,515,860</u>	<u>\$ 40,563,599</u>
Change in Net Positions										
Governmental Activities	\$ 2,428,067	\$ 4,436,214	\$ 11,080,604	\$ (980,853)	\$ (269,251)	\$ 3,427,444	\$ (4,622,263)	\$ 3,162,628	\$ (1,414,902)	\$ 2,535,374
Business-type Activities	(28,581)	(384,087)	6,524,679	3,548,213	2,314,791	3,954,451	969,349	5,913,510	4,652,024	6,178,028
Total Primary Government	<u>\$ 2,399,486</u>	<u>\$ 4,052,127</u>	<u>\$ 17,605,283</u>	<u>\$ 2,567,360</u>	<u>\$ 2,045,540</u>	<u>\$ 7,381,895</u>	<u>\$ (3,652,914)</u>	<u>\$ 9,076,138</u>	<u>\$ 3,237,122</u>	<u>\$ 8,713,402</u>

CITY OF OAK RIDGE, TENNESSEE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 3

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
FUND BALANCE PRIOR TO IMPLEMENTATION OF GASB 54:										
General Fund										
Reserved	\$ 423,518	\$ 422,938	\$ 548,835	\$ 343,657	\$ 135,666	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,057,758	5,349,352	6,939,442	7,192,118	9,033,940	-	-	-	-	-
Total General Fund	<u>\$ 5,481,276</u>	<u>\$ 5,772,290</u>	<u>\$ 7,488,277</u>	<u>\$ 7,535,775</u>	<u>\$ 9,169,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 17,738,377	\$ 9,904,689	\$ 1,462,252	\$ 2,317,399	\$ 1,157,059	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in										
Special Revenue Funds	7,299,423	6,137,197	5,568,643	5,138,235	6,363,296	-	-	-	-	-
Capital Projects Funds	2,158,115	1,604,832	398,073	859,020	2,388,176	-	-	-	-	-
Debt Services Funds	6,402,404	8,349,601	7,082,125	6,113,799	12,313,862	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 33,598,319</u>	<u>\$ 25,996,319</u>	<u>\$ 14,511,093</u>	<u>\$ 14,428,453</u>	<u>\$ 22,222,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE UNDER GASB 54:										
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,127,143	\$ 3,451,953	\$ 1,852,008	\$ 1,589,485	\$ 1,389,905
Assigned	-	-	-	-	-	1,495,303	722,871	1,732,495	478,023	-
Unassigned	-	-	-	-	-	2,846,302	5,042,225	6,475,637	7,406,202	8,026,420
Total General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,468,748</u>	<u>\$ 9,217,049</u>	<u>\$ 10,060,140</u>	<u>\$ 9,473,710</u>	<u>\$ 9,416,325</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,907	\$ 131,987	\$ 138,746	\$ 302,333	\$ 230,247
Restricted	-	-	-	-	-	10,917,510	10,639,781	10,022,584	9,617,768	8,510,637
Committed	-	-	-	-	-	310,114	74,825	219,106	218,611	13,901
Assigned	-	-	-	-	-	11,764,159	12,741,528	11,012,549	11,133,839	11,123,542
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,206,690</u>	<u>\$ 23,588,121</u>	<u>\$ 21,392,985</u>	<u>\$ 21,272,551</u>	<u>\$ 19,878,327</u>

CITY OF OAK RIDGE, TENNESSEE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 23,137,472	\$ 23,312,693	\$ 25,085,558	\$ 23,557,540	\$ 23,870,515	\$ 24,642,294	\$ 25,493,765	\$ 23,719,470	\$ 24,512,115	\$ 24,857,650
Licenses and Permits	465,364	272,409	271,002	269,593	243,947	207,479	173,179	167,826	174,011	198,147
Intergovernmental	43,662,911	45,623,695	52,017,449	52,800,138	54,566,054	55,865,796	55,811,807	56,985,039	56,300,293	56,494,962
Charges for Services	4,990,381	5,172,706	5,263,455	5,103,858	4,929,556	4,918,875	4,864,632	4,454,758	4,284,300	4,181,882
Fines and Forfeitures	391,570	429,453	397,230	427,921	1,410,770	1,032,384	864,838	919,078	1,260,130	430,332
Investment Earnings	696,241	1,070,165	915,773	403,054	100,348	61,417	84,769	74,640	45,094	40,068
Miscellaneous	1,518,029	1,124,325	2,026,641	1,390,671	1,366,852	1,334,952	1,465,537	1,557,362	1,439,370	1,312,819
Total Revenues	74,861,968	77,005,446	85,977,108	83,952,775	86,488,042	88,063,197	88,758,527	87,878,173	88,015,313	87,515,860
Expenditures										
General Government	1,311,330	1,345,236	1,428,396	1,769,576	1,779,551	1,859,657	1,676,059	1,781,556	1,841,776	1,818,670
Public Safety	8,524,042	9,201,187	11,717,322	12,389,138	12,889,356	12,784,971	13,175,763	13,471,207	13,908,008	13,422,844
Public Works	3,059,468	3,101,813	3,330,686	3,109,202	3,119,170	3,505,753	5,827,027	5,988,107	5,480,613	6,620,988
Community Services	9,269,663	10,239,087	10,326,239	10,881,008	9,921,715	10,095,406	7,724,713	7,942,668	7,944,264	7,946,495
Education	44,009,380	46,138,202	50,627,491	49,912,738	52,243,216	52,643,880	54,153,457	54,200,956	50,132,796	53,822,408
Capital Outlay	16,058,967	29,658,532	17,180,904	4,302,395	2,094,333	1,491,798	2,740,542	1,529,216	435,297	1,333,671
Debt Service										
Principal	2,756,042	2,624,468	2,804,954	3,128,567	3,180,146	3,455,366	3,671,419	3,973,611	5,842,203	3,931,056
Interest	2,275,531	2,936,984	4,210,966	4,604,579	3,992,258	3,968,903	3,668,566	3,733,276	6,177,784	3,153,103
Issuance costs and other charges	-	308,516	86,766	305,589	187,802	101,047	-	-	50,701	-
Total Expenditures	87,264,423	105,554,025	101,713,724	90,402,792	89,407,547	89,906,781	92,637,546	92,620,597	91,813,442	92,049,235
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,402,455)	(28,548,579)	(15,736,616)	(6,450,017)	(2,919,505)	(1,843,584)	(3,879,019)	(4,742,424)	(3,798,129)	(4,533,375)
Other Financing Sources (Uses)										
Bonds Issuance	1,032,500	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	1,523,179	175,761	151,047	-	-	-	-
Refunding Bonds Issued	-	-	-	38,355,000	10,543,267	7,420,000	-	-	3,423,947	-
Payments to Refund Bonds Escrow	-	-	-	(39,572,590)	(10,058,002)	(7,470,000)	-	-	(3,345,000)	-
Loan Issuance	-	21,000,000	4,945,988	2,806,300	8,889,735	-	-	-	-	-
Loan Discount	-	(39,937)	-	-	-	-	-	-	-	-
Capital Lease Issuance	-	-	732,479	471,515	-	340,694	1,152,844	479,112	-	-
Transfers In	19,356,881	19,554,689	24,326,902	27,619,160	28,419,392	22,131,363	23,474,300	23,316,128	22,837,177	24,113,015
Transfers Out	(18,098,498)	(19,277,159)	(24,037,992)	(24,787,689)	(25,622,877)	(19,446,081)	(20,618,393)	(20,404,861)	(19,824,859)	(21,031,249)
Total Other Financing Sources (Uses)	2,290,883	21,237,593	5,967,377	6,414,875	12,347,276	3,127,023	4,008,751	3,390,379	3,091,265	3,081,766
Net Changes in Fund Balances	\$ (10,111,572)	\$ (7,310,986)	\$ (9,769,239)	\$ (35,142)	\$ 9,427,771	\$ 1,283,439	\$ 129,732	\$ (1,352,045)	\$ (706,864)	\$ (1,451,609)
Debt Service as a Percentage of Noncapital Expenditures	7.1%	7.3%	8.3%	9.0%	8.2%	8.4%	8.2%	8.5%	13.2%	7.8%

CITY OF OAK RIDGE, TENNESSEE
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 5

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Gross Receipts	Wholesale Beer/Liquor	Room Occupancy	Total
2006	\$ 15,520,774	\$ 213,844	\$ 1,405,994	\$ 9,904,536	\$ 999,362	\$ 774,866	\$ 427,608	\$ 29,246,984
2007	16,105,953	177,488	1,401,412	9,810,033	913,226	812,010	455,744	29,675,866
2008	17,673,704	97,257	1,542,713	10,799,248	849,823	839,642	542,126	32,344,513
2009	18,624,249	149,402	1,762,309	10,110,993	791,480	852,203	558,612	32,849,248
2010	18,444,385	183,257	2,014,996	11,526,911	802,607	825,330	489,976	34,287,462
2011	18,938,769	138,825	2,260,531	11,811,555	957,007	837,667	531,416	35,475,770
2012	19,754,269	439,851	2,294,661	10,949,982	1,118,107	844,879	482,365	35,884,114
2013	18,899,497	255,931	2,278,350	10,906,934	764,685	854,076	532,309	34,491,782
2014	19,438,590	291,542	2,279,959	9,694,331	1,128,925	848,140	456,094	34,137,581
2015	19,551,499	233,062	2,256,958	9,888,838	906,967	805,582	594,310	34,237,216
Change 2006-2015	25.97%	8.99%	60.52%	-0.16%	-9.25%	3.96%	38.98%	17.06%

Note: On October 1, 2004, the Oak Ridge/Anderson County local sales tax rate increased .50 % to finance a portion of the annual debt service payment for the Oak Ridge High School Project. In July 2006, the .50% increase in the local sales tax option become countywide. The City was required to split the additional .50% in local sales tax collections with Anderson County effective with July 2006 sale transactions.

CITY OF OAK RIDGE, TENNESSEE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table 6

Fiscal Year	Tax Year	Real Residential Property	Real Commercial Property	Personal Property	Public Utilities	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2006	2005	\$ 322,792,500 (2)	\$ 224,075,095 (2)	\$ 52,163,372 (2)	\$ 11,390,458 (2)	\$ 610,421,425 (2)	2.55 (2)	\$ 2,045,945,568 (2)	30% (2)
2007	2006	334,908,739	231,495,756	58,065,289	11,091,196	635,560,980	2.55	2,132,091,120	30%
2008	2007	347,866,446	268,469,250	44,405,787	9,269,913	670,011,396	2.65	2,227,512,586	30%
2009	2008	354,598,524	280,266,333	44,651,529	9,427,296	688,943,682	2.77	2,285,038,897	30%
2010	2009	360,138,810	275,325,317	40,958,797	8,596,571	685,019,495	2.77	2,281,027,985	30%
2011	2010	434,209,725 (2)	315,218,943 (2)	47,347,150 (2)	10,508,868 (2)	807,284,686 (2)	2.39 (2)	2,701,817,124 (2)	30% (2)
2012	2011	430,908,859	314,409,168	46,116,027	9,960,967	801,395,021	2.39	2,681,489,295	30%
2013	2012	428,632,500	315,092,766	45,651,129	10,420,634	799,797,029	2.39	2,673,378,952	30%
2014	2013	427,179,425	324,116,058	52,430,945	10,554,576	814,281,004	2.39	2,712,967,800	30%
2015	2014	425,244,202	339,030,448	49,108,550	11,380,859	824,764,059	2.39	2,732,940,566	30%

(1) Overall assessment ratios and effective rates for 1973 and thereafter are weighted averages due to varying constitutional assessment ratios which became effective statewide January 1, 1973. Assessment ratios are Residential Property, Real at 25% with all bank accounts and \$7,500 of all other items in the hands of a taxpayer exempt; Commercial and Industrial - Real at 40% and Personal at 30% except that the Personal Property of eligible Banks is 40%; Public Utilities (excluding Railroads and Telecommunications) - All Property both Real and Personal at 55%; Railroads and Telecommunications - Real and Personal at 40%.

(2) All properties were reappraised in tax year 2005 (fiscal year 2006) and tax year 2010 (fiscal year 2011).

CITY OF OAK RIDGE, TENNESSEE
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Table 7

Fiscal Year Ended June 30,	Overlapping Rate					
	City Direct Rate		Anderson County		Roane County	
2006	\$	2.55	(1)	\$	2.68	(1)
2007		2.55			2.68	
2008		2.65			2.68	
2009		2.77			2.68	
2010		2.77			2.68	
2011		2.39	(1)		2.26	(1)
2012		2.39			2.35	
2013		2.39			2.35	
2014		2.39			2.35	
2015		2.39			2.347	

Notes: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane.

Overlapping rates are those of county governments that apply to property owners within the City of Oak Ridge. Approximately 17% of the taxable real parcels (2,245 of 13,405) are located in the Roane County portion of the City.

The City's basic property tax rate may be increased only by a majority vote of the Oak Ridge City Council.

The City's base tax rate is the total direct rate.

- (1) Each governmental unit operates under different property tax assessment rolls which were certified at the time of their most recent reappraisal programs (Oak Ridge, Anderson County and Roane County - tax years 2005 (fiscal year 2006) and 2010 (fiscal year 2011)).

**CITY OF OAK RIDGE, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT TAX YEAR 2014 AND NINE YEARS AGO
(For Fiscal Year 2015 and 2006)**

Table 8

Taxpayer	Type of Business	Tax Year 2014			Tax Year 2005		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
UT-Battelle	Management Contractor (ORNL)	\$ 55,390,175	1	6.72%	\$ 26,719,825	1	4.96%
Oak Ridge Projects LLC	Real Estate Developer	36,615,687	2	4.44%	-	-	-
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	12,648,429	3	1.53%	5,895,507	8	1.09%
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	12,461,728	4	1.51%	13,441,322	2	2.49%
R&R Properties/Richard Chinn	Entrepreneur	12,086,889	5	1.47%	8,570,840	5	1.59%
Methodist Medical Center of Oak Ridge	Health Services	10,500,405	6	1.27%	8,748,772	4	1.62%
Wilkinson Realty	Apartment Complexes	7,107,938	7	0.86%	-	-	-
BellSouth	Communications	6,716,259	8	0.81%	7,664,103	6	1.42%
A & M Enterprises Inc.	Real Estate Developer	5,968,480	9	0.72%	-	-	-
Advanced Measurement Tec (ORTEC)	Manufacturing and Services	5,124,728	10	0.62%	-	-	-
Boeing Tennessee Inc.	Manufacturing and Engineering	-	-	-	11,691,029	3	2.17%
Crown America	Shopping Mall/Misc. Development	-	-	-	7,472,680	7	1.39%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	-	-	-	3,988,912	9	0.74%
Wal-Mart	Retail	-	-	-	3,807,259	10	0.71%
TOTAL		<u>\$ 164,620,718</u>		<u>19.95%</u>	<u>\$ 98,000,249</u>		<u>18.18%</u>

Note: Does not include in-lieu of tax payments.

**CITY OF OAK RIDGE, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTION
LAST TEN FISCAL YEARS**

Table 9

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year of the Levy</u>		Collections in Subsequent Years	<u>Total Collections to Date</u>		<u>Outstanding Delinquent Taxes</u>	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount (1)	Percentage of Levy
2006	2005	\$ 15,565,746	\$ 15,280,442	98.2%	\$ 252,426	\$ 15,532,868	99.8%	\$ 32,878	0.2%
2007	2006	16,206,805	15,901,543	98.1%	270,475	16,172,018	99.8%	34,787	0.2%
2008	2007	17,755,302	17,303,022	97.5%	413,554	17,716,576	99.8%	38,726	0.2%
2009	2008	19,083,740	18,519,409	97.0%	534,733	19,054,142	99.8%	29,598	0.2%
2010	2009	18,975,040	18,120,891	95.5%	834,478	18,955,369	99.9%	19,671	0.1%
2011	2010	19,294,104	18,322,654	95.0%	954,942	19,277,596	99.9%	16,508	0.1%
2012	2011	19,153,341	18,695,063	97.6%	428,882	19,123,945	99.8%	29,396	0.2%
2013	2012	19,115,149	18,350,887	96.0%	687,487	19,038,374	99.6%	76,775	0.4%
2014	2013	19,461,316	18,853,042	96.9%	354,601	19,207,643	98.7%	253,673	1.3%
2015	2014	19,711,861	19,128,736	97.0%	-	19,128,736	97.0%	583,125	3.0%

- (1) On September 20, 2004, City Council authorized the Anderson County Delinquent Tax Attorney to collect City of Oak Ridge delinquent real property taxes in consolidation with the collection of Anderson County delinquent taxes. As real property becomes eligible for a delinquent property tax sale under Tennessee State law, the City is turning those delinquencies over to the Anderson County Delinquent Tax Attorney for collection.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLES
June 30, 2015

Table 10

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Property Tax Receivable Balance June 30, 2014</u>	<u>Anticipated Current Year Levy</u>	<u>Abatements & Adjustments</u>	<u>Collections</u>	<u>Allowance For Uncollectibles</u>	<u>Net Receivable Balance June 30, 2015</u>
2006	2005	\$ 33,576	\$ -	\$ 2,424	\$ 3,122	\$ (32,878)	\$ -
2007	2006	37,132	-	(15)	2,330	(34,787)	-
2008	2007	39,911	-	(15)	1,170	(38,726)	-
2009	2008	31,597	-	(852)	1,147	(29,598)	-
2010	2009	20,787	-	(584)	532	(19,671)	-
2011	2010	12,196	-	7,494	3,182	(16,508)	-
2012	2011	87,090	-	10,183	67,877	(29,396)	-
2013	2012	195,426	-	17,254	135,905	(40,000)	36,775
2014	2013	574,685	-	33,589	354,601	(40,000)	213,673
2015	2014	19,699,050	-	12,811	19,128,736	(40,000)	543,125
	2015	<u>-</u>	<u>20,080,642</u>	<u>-</u>	<u>22,163</u>	<u>(210,000)</u>	<u>19,848,479</u>
Totals		<u>\$ 20,731,450</u>	<u>\$ 20,080,642</u>	<u>\$ 82,289</u>	<u>\$ 19,720,765</u>	<u>\$ (531,564)</u>	<u>\$ 20,642,052</u>

**CITY OF OAK RIDGE, TENNESSEE
LOCAL TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS**

Table 11

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Building Materials	\$ 40,776,983	\$ 37,880,776	\$ 35,481,658	\$ 34,138,282	\$ 30,745,142	\$ 31,099,957	\$ 31,773,463	\$ 33,639,309	\$ 33,009,792	\$ 33,311,179
General Merchandise	124,051,789	123,663,006	124,791,075	118,728,929	110,798,271	108,715,888	108,552,978	102,079,781	95,533,463	94,528,388
Food Stores	48,120,643	48,976,457	51,694,210	54,720,524	52,434,001	52,396,812	53,690,571	54,855,425	55,253,965	63,894,527
Autos, Boats, Aircrafts	103,902,534	94,622,000	79,474,112	60,212,915	41,885,747	38,755,289	45,134,866	43,364,628	51,886,198	69,482,017
Apparel	3,949,972	3,173,228	2,819,117	2,495,202	968,129	369,009	331,097	277,747	341,387	268,027
Furniture and Home Décor	8,440,156	9,136,238	8,339,378	7,136,115	6,939,017	6,692,774	6,677,903	6,827,787	6,465,171	5,833,141
Eating and Drinking Places	57,691,722	59,495,118	63,019,291	63,915,240	62,371,582	61,244,467	63,528,925	64,408,275	66,958,642	67,729,445
Miscellaneous Retail	53,497,507	51,826,964	56,124,638	52,747,534	50,724,180	54,468,249	52,466,973	51,935,742	49,093,236	50,044,092
Total	<u>\$ 440,431,306</u>	<u>\$ 428,773,787</u>	<u>\$ 421,743,479</u>	<u>\$ 394,094,741</u>	<u>\$ 356,866,069</u>	<u>\$ 353,742,445</u>	<u>\$ 362,156,776</u>	<u>\$ 357,388,694</u>	<u>\$ 358,541,854</u>	<u>\$ 385,090,816</u>
Oak Ridge/Anderson County Local Sales Tax Rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Oak Ridge/Roane County Local Sales Tax Rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

Source: Tennessee Department of Revenue, Research Division

Note: On October 1, 2004, the Oak Ridge/Anderson County local sales tax rate increased .50% to finance a portion of the annual debt service payment for the Oak Ridge High School Project. In July 2006, the .50% increase in the local sales tax option became countywide. The City was required to split the additional .50% in local sales tax collections with Anderson County effective with July 2006 sale transactions.

**CITY OF OAK RIDGE, TENNESSEE
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

Table 12

<u>Fiscal Year</u>	<u>Oak Ridge/ Anderson County</u>	<u>Anderson County</u>		<u>Oak Ridge/ Roane County</u>	<u>Roane County</u>
2006	2.75%	2.25%		2.75%	2.50%
2007	2.75%	2.75%	(1)	2.75%	2.50%
2008	2.75%	2.75%		2.75%	2.50%
2009	2.75%	2.75%		2.75%	2.50%
2010	2.75%	2.75%		2.75%	2.50%
2011	2.75%	2.75%		2.75%	2.50%
2012	2.75%	2.75%		2.75%	2.50%
2013	2.75%	2.75%		2.75%	2.50%
2014	2.75%	2.75%		2.75%	2.50%
2015	2.75%	2.75%		2.75%	2.50%

Notes: The maximum local sales tax rate allowed by Tennessee State law is 2.75%.

- (1) On October 1, 2004, the Oak Ridge/Anderson County local sales tax rate increased .50% to be used to finance a portion of the annual debt service payment for the Oak Ridge High School Project. In July 2006, the .50% increase in the local sales tax option became countywide. The City was required to split the additional .50% in local sales tax collections with Anderson County effective with July 2006 sale transactions.

CITY OF OAK RIDGE, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 13

Fiscal Year	Governmental-type Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	QZAB	Notes Payable	Capital Leases	Electric Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases			
2006	\$ 30,285,000	\$ 7,641,275	\$ 44,938,765	\$ 228,476	\$ 19,895,000	\$ 4,130,000	\$ 27,442,240	\$ -	\$ 134,560,756	16.26%	4,913
2007	27,650,000	7,131,857	65,882,765	-	19,045,000	3,780,000	30,191,887	1,166,355	154,847,864	18.19%	5,654
2008	24,870,000	6,622,439	70,769,753	544,157	18,165,000	3,410,000	31,450,975	1,073,538	156,905,862	17.17%	5,729
2009	39,190,000	6,113,020	55,084,053	713,129	6,885,000	13,100,000	32,780,315	976,098	154,841,615	16.70%	5,654
2010	46,390,000	5,603,602	54,979,053	420,076	5,955,000	22,710,000	32,017,179	873,806	168,948,716	18.31%	5,760
2011	43,330,000	5,094,184	54,760,053	119,869	4,990,000	22,310,000	36,779,054	766,420	168,149,580	18.23%	5,733
2012	40,235,000	4,584,765	54,488,053	851,825	3,990,000	31,700,000	33,932,728	653,686	170,436,057	17.96%	5,811
2013	36,920,000	4,075,347	54,162,053	930,736	2,980,000	31,165,000	34,844,047	535,338	165,612,521	17.57%	5,647
2014	35,092,745	3,565,929	53,658,053	531,707	1,885,000	49,411,399	23,289,801	411,096	167,845,730	(1)	5,723
2015	31,635,133	3,056,510	53,180,053	1,016,695	960,000	48,280,426	29,110,665	280,668	167,520,150	(1)	5,712

Notes: Under Tennessee State law, the City's outstanding general obligation debt is not limited.

(1) See Table 17 for personal income and population data.

CITY OF OAK RIDGE, TENNESSEE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 14

Fiscal Year	Governmental-type Activities		Business-type Activities		Less; Amounts Available in Debt Service Reserves (1)	Net General Obligation Bonds	Actual Taxable Value of Property	Population	Percentage of Actual Taxable Value of Property	Debt Per Capita
	General	Obligation Bonds	General	Obligation Bonds						
2006	\$	30,285,000	\$	4,130,000	\$ 2,157,384	\$ 32,257,616	\$ 2,045,945,568	27,387	1.6%	1,178
2007		27,650,000		3,780,000	2,133,894	29,296,106	2,132,091,120	27,387	1.4%	1,070
2008		24,870,000		3,410,000	2,206,897	26,073,103	2,227,512,586	27,387	1.2%	952
2009		39,190,000		13,100,000	2,145,639	50,144,361	2,285,038,897	27,387	2.2%	1,831
2010		46,390,000		22,710,000	2,101,485	66,998,515	2,281,027,985	29,330	2.9%	2,284
2011		43,330,000		22,310,000	1,965,344	63,674,656	2,701,817,124	29,330	2.4%	2,171
2012		40,235,000		31,700,000	1,735,104	70,199,896	2,681,489,295	29,330	2.6%	2,393
2013		36,920,000		31,165,000	1,609,459	66,475,541	2,673,378,952	29,330	2.5%	2,266
2014		35,092,745		49,411,399	2,351,688	82,152,456	2,712,967,800	29,330	3.0%	2,801
2015		31,635,133		48,280,426	2,264,814	77,650,745	2,732,940,566	29,330	2.8%	2,647

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Excludes restricted debt service reserves.

CITY OF OAK RIDGE, TENNESSEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2015

Table 15

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable To the City</u>	<u>City's Share of Debt</u>
Debt Repaid with Property Taxes:			
Direct Debt:			
City of Oak Ridge -			
General Obligation Bonds	\$ 31,635,133	100%	\$ 31,635,133
Notes Payable	53,180,053	100%	53,180,053
Qualified Zone Academy Bonds (QZAB)	3,056,510	100%	3,056,510
Capital Lease	1,016,695	100%	1,016,695
Debt Service Fund	(9,461,652)		(9,461,652)
Total Direct Debt	<u>79,426,739</u>		<u>79,426,739</u>
Overlapping Debt:			
Anderson County, Tennessee	20,020,000	39.76% *	7,959,952
Roane County, Tennessee	<u>25,210,000</u>	13.04% *	<u>3,287,384</u>
Total Overlapping Debt	<u>45,230,000</u>		<u>11,247,336</u>
Total Direct and Overlapping Debt	<u>\$ 124,656,739</u>		<u>\$ 90,674,075</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Oak Ridge. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

* Applicable percentage is determined by ratio of assessed valuation of real property subject to taxation in overlapping unit to valuation of real property subject to taxation in reporting unit.

**CITY OF OAK RIDGE, TENNESSEE
PLEDGED - REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Table 16

Electric Revenue Debt							
Fiscal Year	Operating Revenues	Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage Ratio
2006	\$ 38,881,488	\$ 35,131,961	\$ 3,749,527	\$ 835,000	\$ 764,318	\$ 1,599,318	2.34
2007	41,915,066	38,798,182	3,116,884	992,673	923,836	1,916,509	1.63
2008	45,573,802	41,103,159	4,470,643	984,750	854,487	1,839,237	2.43
2009	52,565,380	46,957,765	5,607,615	1,009,087	862,630	1,871,717	3.00
2010	48,691,801	43,330,957	5,360,844	1,043,424	883,244	1,926,668	2.78
2011	54,822,625	48,037,377	6,785,248	1,083,095	927,875	2,010,970	3.37
2012	54,954,964	48,781,668	6,173,296	1,122,765	891,920	2,014,685	3.06
2013	55,708,671	48,714,134	6,994,537	1,137,769	850,604	1,988,373	3.52
2014	56,683,842	49,977,956	6,705,886	1,130,310	802,839	1,933,149	3.47
2015	56,549,606	49,495,318	7,054,288	1,124,395	756,696	1,881,091	3.75

Water and Sewer Revenue Debt							
Fiscal Year	Operating Revenues	Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage Ratio
2006	\$ 11,755,265	\$ 10,064,683	\$ 1,690,582	\$ 1,070,673	\$ 1,163,287	\$ 2,233,960	0.76
2007	12,443,469	11,549,776	893,693	1,274,724	1,312,552	2,587,276	0.35
2008	14,631,506	12,311,926	2,319,580	1,373,195	1,258,007	2,631,202	0.88
2009	17,623,161	12,393,252	5,229,909	1,424,187	1,024,740	2,448,927	2.14
2010	17,246,951	11,958,264	5,288,687	1,476,696	944,845	2,421,541	2.18
2011	16,664,365	12,682,614	3,981,751	1,517,889	993,162	2,511,051	1.59
2012	16,653,517	12,704,883	3,948,634	1,585,275	1,182,886	2,768,161	1.43
2013	19,120,259	13,315,440	5,804,819	1,750,948	1,251,386	3,002,334	1.93
2014	20,135,093	11,417,546	8,717,547	1,832,322	1,250,989	3,083,311	2.83
2015	20,757,422	10,583,285	10,174,137	1,937,672	1,375,841	3,313,513	3.07

(1) Operating expenses do not include interest, depreciation or in-lieu of taxes paid to other City funds.

**CITY OF OAK RIDGE, TENNESSEE
DEMOGRAPHIC STATISTICS**

Table 17

1980, 1990 AND 2000 CENSUS INFORMATION AND LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(2) Median Age	(2) Unemployment Rate	School Enrollment (4)
1980	27,662	\$ 255,707,528	\$ 9,244 (1)	35.0 (1)	5.4% (1)	5,274
1990	27,310	482,321,910	17,661 (1)	39.6 (1)	4.9% (1)	4,432
2000	27,387	679,005,891	24,793 (1)	43.4 (1)	3.2% (1)	4,491
2006	27,387	827,580,366	30,218	(3)	4.7%	4,306
2007	27,387	851,105,799	31,077	(3)	4.2%	4,394
2008	27,387	913,822,029	33,367	(3)	5.7%	4,362
2009	27,387	927,077,337	33,851	(3)	9.9%	4,411
2010	29,330	922,897,780	31,466	43.5 (1)	8.7%	4,472
2011	29,330	922,311,180	31,446	(3)	9.4%	4,532
2012	29,330	948,737,510	32,347	(3)	8.6%	4,468
2013	29,330	942,431,560	32,132	43.4	7.4%	4,687
2014	29,330	(3)	(3)	43.2	7.0%	4,689
2015	29,330	(3)	(3)	(3)	5.7%	4,637

(1) Source: U. S. Census Bureau. Statistic is for the City of Oak Ridge

(2) Source: East Tennessee Development District/Bureau of Economic Analysis and Tennessee Department of Labor and Workforce Development. Statistic is for Anderson County. Information is maintained on a county basis and is unavailable for the City of Oak Ridge as a separate entity in a non-census year. The City comprises approximately 38% of Anderson County.

(3) Data Not Available.

(4) Source: Oak Ridge Schools

**CITY OF OAK RIDGE, TENNESSEE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Table 18

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Consolidated Nuclear Services (CNS) (Y-12 National Security Complex)	4,500	1	11.60%	4,600	1	12.55%
UT-Battelle (ORNL)	4,400	2	11.35%	4,045	2	11.04%
UCOR	1,383	3	3.57%	N/A		N/A
Methodist Medical Center	1,175	4	3.03%	1,350	3	3.68%
Oak Ridge Schools	652	5	1.68%	674	7	1.84%
Energy Solutions (AKA Duratek, Scientific Ecology Group, Inc.)	625	6	1.61%	600	9	1.64%
Oak Ridge Associated Universities	549	7	1.42%	600	8	1.64%
Science Applications Int'l Corp. (SAIC)	546	8	1.41%	1,000	5	2.73%
Sitel (Client Logic)	500	9	1.29%	450	10	1.23%
ORNL Federal Credit Union	412	10	1.06%	N/A		N/A
Wackenhut-Oak Ridge Team	N/A		N/A	900	6	2.46%
Bechtel Jacobs Co. LLC	N/A		N/A	1,337	4	3.65%
	<u>14,742</u>		<u>38.02%</u>	<u>15,556</u>		<u>42.46%</u>

Source: Oak Ridge Chamber of Commerce, Tennessee Department of Labor and Workforce Development and Oak Ridge Schools

Notes: The City of Oak Ridge resides in two counties, Anderson and Roane. For the Percentage of Total City Employment, Anderson County's Civilian Workforce was used.

CITY OF OAK RIDGE, TENNESSEE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Table 19

	Full-time Equivalent Employees at June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager	3.00	3.00	4.00	3.50	3.50	3.50	4.00	2.00	2.00	2.00
City Court	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Legal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative Services										
Computer Services	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00	10.00
Personnel	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Stationery Stores	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	8.00	8.00	8.00	8.00	10.00	10.00	10.00	11.00	11.00	11.00
Business Office	15.00	15.00	15.00	15.00	13.00	13.00	11.00	11.00	11.00	11.00
Police										
Supervision	2.00	2.00	3.00	2.50	3.00	3.00	3.00	3.00	3.00	3.00
Investigations	8.00	8.00	11.00	11.00	11.00	11.00	11.00	12.00	13.00	13.00
Staff Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Patrol	47.00	47.00	44.00	44.00	45.00	45.00	45.75	44.75	43.75	44.00
Emergency Communications	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.75
Animal Control	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50	4.00	4.00
School Resource Officer Program	2.00	2.00	3.35	3.35	3.35	3.35	2.35	2.35	3.35	3.35
Special Programs Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.00
Fire										
Supervision	2.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Prevention	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fighting	42.00	42.00	71.00	71.00	71.00	71.00	71.00	71.00	71.00	71.00
Public works										
Supervision	4.00	4.00	4.00	4.00	3.50	3.50	5.00	5.00	5.00	5.00
Engineering	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Equipment Shop	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Work pool	44.00	40.00	43.50	40.00	40.00	40.00	40.00	43.00	43.00	46.00
Water plant	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00	12.00
Wastewater Treatment Plant	16.00	20.00	20.00	19.00	19.00	19.00	19.00	21.25	22.00	22.00
West End Waterworks	0.00	0.00	0.00	7.00	8.00	8.00	8.00	8.00	7.00	7.00

(Continued)

CITY OF OAK RIDGE, TENNESSEE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (continued)
LAST TEN FISCAL YEARS

Table 19

	Full-time Equivalent Employees at June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Community Development										
Supervision	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Planning	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Code Enforcement	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Grant Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Recreation and Parks										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Indoor Aquatics	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18
Outdoor Aquatics	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27
Centers, Camp & Programs	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02
Athletics	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Scarboro Center	1.39	1.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39
Senior Center	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Library	16.68	17.00	17.00	17.00	17.75	17.75	17.75	17.75	17.75	16.75
Electric	34.00	34.00	34.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Subtotal	<u>353.64</u>	<u>354.96</u>	<u>390.81</u>	<u>393.31</u>	<u>397.06</u>	<u>397.06</u>	<u>396.56</u>	<u>400.81</u>	<u>403.06</u>	<u>405.81</u>
Education										
Teachers	401.20	406.70	414.90	390.00	398.70	420.50	420.90	418.60	411.48	409.48
Non-Teachers	<u>273.39</u>	<u>266.14</u>	<u>282.39</u>	<u>296.70</u>	<u>306.10</u>	<u>271.47</u>	<u>260.53</u>	<u>243.83</u>	<u>237.60</u>	<u>242.10</u>
Subtotal	<u>674.59</u>	<u>672.84</u>	<u>697.29</u>	<u>686.70</u>	<u>704.80</u>	<u>691.97</u>	<u>681.43</u>	<u>662.43</u>	<u>649.08</u>	<u>651.58</u>
Total	<u><u>1,028.23</u></u>	<u><u>1,027.80</u></u>	<u><u>1,088.10</u></u>	<u><u>1,080.01</u></u>	<u><u>1,101.86</u></u>	<u><u>1,089.03</u></u>	<u><u>1,077.99</u></u>	<u><u>1,063.24</u></u>	<u><u>1,052.14</u></u>	<u><u>1,057.39</u></u>

Note: A full-time employee is scheduled to work 2,080 hours per year (including general and emergency leave) except for firefighters who are scheduled to work 2,912 hours per year and City School certified staff.

CITY OF OAK RIDGE, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 20

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Ordinances Adopted	17	22	31	20	17	22	19	20	16	13
Resolutions Adopted	127	108	107	113	108	120	114	103	124	139
Number of Court Cases-City Violations	2,881	3,483	3,566	4,198	4,861	4,412	3,905	4,776	3,672	3,343
Administrative Services										
Applications Received and Processed	784	839	804	1,527	774	1,122	1,029	634	981	725
Purchase Orders Issued for Departments	4,525	4,106	4,619	4,720	4,778	4,979	4,947	4,648	4,052	N/A
Purchase Orders Issued for Stock Purchases	1,350	1,328	1,138	706	836	853	803	754	834	746
Business Licenses Issued*	1,392	1,344	1,339	1,295	N/A	1,071	1,164	1,132	1,490	893
New Business Licenses Issued	N/A	N/A	N/A	N/A	N/A	224	174	163	148	146
* Anomalies in Business License issued counts occurred in 2014 and 2015 due to a statewide change in filing dates.										
Police										
Serious Crimes	539	551	475	481	437	438	488	1,379	1,289	1,283
Burglaries	394	348	378	426	417	319	266	200	156	162
Total Arrests	2,938	2,871	2,780	3,571	3,228	3,075	2,157	2,044	2,142	2,098
Total Calls for Services	35,544	37,055	35,159	38,660	30,999	31,157	26,505	33,215	27,060	24,449
Animal Apprehensions	2,850	2,342	1,805	2,341	2,077	2,592	1,440	939	1,208	1,176
Registered Animals	4,200	4,000	2,000	2,515	1,592	1,466	2,132	2,314	2,211	2,324
Fire										
Number of Calls	3,743	3,721	4,095	4,489	4,457	4,528	4,549	4,825	5,015	5,067
Public Fire Education	9,000	10,750	11,000	11,000	11,000	5,000	8,860	9,874	11,612	9,261
Violations Reported by Department Inspection	900	1,060	1,642	520	941	1,405	1,183	1,828	2,091	1,997
Average Response Time (Mins.)	4.0	4.3	4.5	4.1	4.1	5.38	5.20	6.11	6.15	6.12
Average Control Time (Mins.)	4.0	4.0	4.5	4.0	10.4	6.45	15.58	5.15	5.00	6.42
Community Development										
Site Plans Reviewed										
Non-Residential	19	6	9	15	13	11	14	11	16	18
Residential	112	108	39	45	0	22	13	13	11	10
Building Permits	599	567	552	488	497	440	413	301	201	155
Plumbing Permits	518	584	474	440	390	376	306	296	209	158
Electrical Permits	643	629	507	434	520	492	369	373	225	169
Nuisance Abatement	757	620	733	726	1,076	1,285	1,110	920	314	448
Abandoned Vehicles	416	150	127	289	219	234	196	139	55	130
Housing Inspections	66	62	64	149	101	109	111	37	20	54
Park and Recreation										
City-Wide Special Events	7	7	7	7	7	7	7	7	7	7
Cold Facts Program Participants	2,327	2,353	2,387	2,401	2,409	2,429	2,433	2,246	2,251	2,263
Pool Attendance	75,741	77,153	78,689	70,759	66,182	82,861	79,535	67,535	64,074	72,069
Summer Camp Enrollment	870	949	997	1,000	1,050	1,093	1,005	1,126	1,125	1,086
Athletic Activities										
Youth Participants	147	155	166	189	223	196	202	270	229	293
Adult Participants	1,784	1,579	1,707	1,898	1,774	1,562	1,724	1,581	1,356	705
Youth Teams	16	17	16	19	21	20	20	24	23	32
Adult Teams	129	113	124	142	125	118	127	117	97	74

(Continued)

CITY OF OAK RIDGE, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM (continued)
LAST TEN FISCAL YEARS

Table 20

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Library										
Total Volume	114,707	112,550	113,890	115,159	117,310	122,250	124,714	121,729	115,523	114,242
Total Non-Print Material	52,415	57,241	57,673	59,258	60,683	60,386	54,420	53,322	54,234	51,082
Total Circulation	182,400	186,215	180,293	181,826	174,906	174,292	160,978	160,876	152,007	130,036
Registered Patrons	23,455	22,171	20,209	22,301	22,520	24,111	22,624	22,943	22,569	20,553
Reference Questions and Reader Service	33,217	29,883	31,170	30,914	33,011	34,539	34,263	34,032	35,825	36,174
Story Time Attendance	4,167	5,262	5,335	4,699	4,797	4,022	5,461	4,217	4,328	4,783
Public Works										
Street Sign Maintenance and Installation	259	370	286	388	296	300	291	381	1	2
Traffic Control and School Flashing Signals										
Inventory	390	390	390	390	390	390	390	452	452	400
Hours for Maintenance and Installation	1,865	2,147	2,040	2,080	2214	2062	2555	3582	3328	2576
Public Street Lights										
Inventory	5,426	5,447	5,426	5,426	5784	5784	5802	5918	5084	5900
Hours for Maintenance and Installation	2,082	1,807	1,133	1,627	1479	1400	2821	1867	1994	2186
Mowing of ROW (Acres)	15	15	15	15	15	15	21	21	21	21
Electric										
Purchased Power										
Kilowatts-Hours Purchased	539,597,265	547,543,621	557,257,006	545,153,900	550,862,526	558,180,714	554,707,916	552,739,792	558,514,614	548,111,450
Amount	\$ 28,833,331	\$ 32,063,010	\$ 34,364,532	\$ 40,786,288	\$ 36,808,216	\$ 41,266,396	\$ 41,686,544	\$ 41,620,222	\$ 42,445,405	\$ 41,983,485
Electric Sales										
Kilowatts-Hours Sold	505,272,128	521,693,354	528,247,375	522,075,626	520,702,657	532,192,597	528,200,469	531,085,115	538,220,807	522,811,016
Amount	\$ 38,227,317	\$ 41,184,247	\$ 44,844,650	\$ 51,764,998	\$ 47,916,469	\$ 53,998,663	\$ 52,650,987	\$ 52,891,248	\$ 55,752,732	\$ 55,589,835
Cost Per Kilowatt-Hour Purchases	\$0.0534	\$0.0586	\$0.0617	\$0.0748	\$0.0668	\$0.0739	\$0.0752	\$0.0753	\$0.0760	\$0.0766
Percentage of Losses and Unaccounted for KH Purchases	6.36%	4.72%	5.21%	4.23%	5.48%	4.66%	4.78%	3.92%	3.63%	4.62%
Water										
Gallons Treated (Thousands)	4,045,928	3,367,518	3,732,957	3,921,905	3,687,716	3,438,372	3,209,465	2,721,411	2,984,107	2,857,856
Gallons Purchased (Thousands)	-	34,445	23,282	16,025	16,313	18,014	18,000	19,407	21,049	9,437
Gallons Pumped (Thousands)	-	3,370,193	3,673,932	3,937,930	3,704,029	3,456,386	3,227,465	2,740,818	3,005,156	2,867,293
Gallons Sold (Thousands)	3,699,823	2,870,928	3,249,385	3,346,471	3,166,137	2,987,370	2,744,528	2,551,268	2,623,089	2,480,589
Line Losses and Gallons Unaccounted for (Thousands)	N/A	533,710	424,547	591,459	537,892	469,016	482,937	189,550	382,067	386,704
Percentage of Losses and Unaccounted for Gallons to Total Provided (Thousands)	N/A	15.7%	11.6%	15.0%	14.5%	13.6%	15.0%	6.9%	12.7%	13.5%
Average Daily Consumption (Thousands of Gallons)	10,137	7,866	8,902	9,168	8,674	8,185	7,519	6,990	7,187	6,796
Wastewater										
Clinch River Industrial Park Plant										
Gallons Treated (Thousands)	1,600	1,200	1,021	1,448	1,890	57	-	-	-	-
Rarity Ridge										
Gallons Treated (Thousands)	-	-	2,433	37,841	37,662	33,138	37,820	47,160	25,028	36,321
West End Plant										
Gallons Treated (Thousands)	2,100,000	1,600,000	1,579,946	1,589,821	1,997,308	1,790,493	1,819,991	1,627,351	1,579,620	1,556,882
Schools										
Enrollment	4,306	4,394	4,362	4,411	4,472	4,532	4,468	4,687	4,671	4,637
Average Daily Membership	4,348	4,364	4,407	4,452	4,472	4,532	4,456	4,438	4,464	4,389
Average Daily Attendance	4,127	4,142	4,185	4,220	4,214	4,288	4,240	4,274	4,212	4,173
Average Test Scores (ACT)	24.3	23.6	23.6	24.7	23.0	23.4	23.2	23.0	23.3	23.1

* Some information is not available due to system changes.

CITY OF OAK RIDGE, TENNESSEE
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 21

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Vehicles	23	23	23	25	30	35	32	32	44	44
Unmarked Vehicles	6	6	8	8	8	11	11	11	14	14
Animal Control	2	2	2	2	2	3	3	3	3	3
Other Vehicles	9	9	8	8	8	6	6	6	10	10
Fire										
Stations	3	3	4	4	4	4	4	4	4	4
Fire Trucks (Pumpers and Ladder)	6	6	9	9	9	9	9	10	10	10
Rescue Vehicles - Radio Equipped	2	2	3	3	3	3	3	3	4	4
Sedans - Radio Equipped	4	4	6	6	8	8	8	8	8	8
Fire Specialists' Vehicles	5	5	5	5	4	4	4	4	2	2
HazMat Truck	-	-	-	-	-	-	-	1	1	1
Ambulances	-	-	-	-	-	-	-	2	2	2
Park and Recreation										
Parks	14	14	14	14	15	15	15	15	15	15
Parks/Greenbelt (Total Acres)	2,237	2,237	2,237	2,237	2,300	2,300	2,300	2,500	2,600	2,600
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	22	22	22	22	22	22	22	22	23	23
Baseball Parks	5	5	5	5	5	5	5	5	5	5
Softball Parks	6	6	6	6	6	6	6	6	6	6
Gymnasium	1	1	2	2	2	2	2	2	2	2
Golf Course	1	1	1	1	1	1	1	1	1	1
Soccer Fields	9	9	9	9	9	9	9	9	9	9
Community Centers	3	3	3	3	3	3	3	3	3	3
Disc Golf Courses	-	1	2	2	2	2	2	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Roads and Streets	226.00	226.00	227.72	227.87	229.59	229.59	229.59	229.59	229.59	229.59
Miles of Sidewalks	104.29	108.36	110.76	110.92	111.23	119.68	119.68	119.68	119.68	119.68
Electric										
Miles of Electric Lines	286.00	286.00	286.00	286.00	286.00	286.00	286.00	286.00	286.00	286.00
Number of Regular Street Lights	5,447	5,463	5,463	5,463	5,784	5,802	5,802	5,918	5,084	5,084
Number of Private Outdoor Lights	1,577	1,568	1,574	1,385	1,385	1,393	1,393	1,393	1,355	1,355
Water										
Miles of Water Main	231.90	231.90	240.86	241.35	243.12	244.00	244.00	245.69	249.05	251.46
Number of Fire Hydrants	2,580	2,574	2,683	2,845	2,845	2,845	2,845	2,845	2,541	2,558
Treatment Plants	1	1	1	2	2	2	2	2	2	2
Wastewater										
Miles of Sewer Main	245.87	250.00	259.78	260.07	260.59	261.27	261.27	262.23	262.10	262.53
Treatment Plants	2	2	3	3	3	2	2	2	2	2
Treatment Capacity (Thousand of Gallons)	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010
Schools										
Elementary Schools	4	4	4	4	4	4	4	4	4	4
Middle Schools	2	2	2	2	2	2	2	2	2	2
High Schools	1	1	1	1	1	1	1	1	1	1

Note: No capital asset indicators are available for general government function.

**CITY OF OAK RIDGE, TENNESSEE
REVENUES FOR ELECTRIC AND WATERWORKS FUNDS
LAST TEN FISCAL YEARS**

Table 22

<u>Fiscal Year</u>	<u>Electric Revenue</u>	<u>Waterworks (1)</u>		<u>Total</u>
		<u>Water Revenue</u>	<u>Wastewater Revenue</u>	
2006	\$ 38,922,932	\$ 5,968,647	\$ 5,788,969	\$ 50,680,548
2007	41,971,757	6,067,214	6,377,350	54,416,321
2008	45,608,826	7,714,345	6,774,328	60,097,499
2009	52,597,386	8,405,879	7,632,541	68,635,806
2010	48,737,266	8,146,360	7,501,780	64,385,406
2011	54,868,484	7,778,140	7,274,937	69,921,561
2012	55,021,285	7,720,479	7,322,581	70,064,345
2013	55,712,659	8,421,005	9,137,319	73,270,983
2014	56,683,842	8,744,456	9,542,067	74,970,365
2015	56,549,606	9,634,753	10,744,983	76,929,342

Note: Revenues exclude one-time grant proceeds and capital contributions by developers.

(1) Waterworks revenue does not include payments from US Department of Energy contracts for operation of utilities on the west end of Oak Ridge, including the federal East Tennessee Technology Park.

**CITY OF OAK RIDGE, TENNESSEE
ELECTRIC, WATER AND WASTEWATER RATES
LAST TEN FISCAL YEARS**

Table 23

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Electric (1)											
<u>Residential</u>											
	Base Charge	\$ 7.37	\$ 7.46	\$ 7.70	\$ 7.70	\$ 7.70	\$ 9.70	\$ 9.70	\$ 9.70	\$ 9.83	\$ 9.83
	All kWh	0.07732	0.07622	0.08800	0.09300	0.09250	0.09589	0.09760	0.09748	0.10284	0.09916
<u>Commercial</u>											
GSA1	Base Charge	\$ 17.17	\$ 17.37	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 18.14	\$ 18.14
	All kWh	0.08571	0.08432	0.09686	0.10211	0.10250	0.10805	0.10989	0.10977	0.11535	0.11186
GSA2	Base Charge	\$ 55.56	\$ 56.20	\$ 58.00	\$ 58.00	\$ 58.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.95	\$ 80.95
	1st 15,000 kWh	0.08938	0.08803	0.10069	0.10594	0.10633	0.10967	0.11151	0.11139	0.11699	0.11350
	Additional kWh	0.04601	0.04557	0.05463	0.05873	0.05624	0.06139	0.06212	0.06201	0.06600	0.06161
	kW, 51-1,000	12.55	12.25	13.31	13.65	14.58	14.58	14.93	14.93	15.42	15.73
GSA3	Base Charge	\$ 151.52	\$ 153.28	\$ 158.19	\$ 158.19	\$ 158.19	\$ 200.00	\$ 200.00	\$ 200.00	\$ 202.38	\$ 202.38
	All kWh	0.04754	0.04712	0.05623	0.06033	0.05784	0.06277	0.06350	0.06339	0.06739	0.06300
	kW, 0 - 1,000	11.95	11.61	12.69	13.05	14.03	14.03	14.40	14.40	14.89	15.22
	kW, 1,001 - 5,000	14.27	13.88	15.17	15.59	16.75	16.75	17.18	17.18	17.76	18.15
<u>Outdoor Light</u>											
	All kWh	\$ 0.05265	\$ 0.05166	\$ 0.05943	\$ 0.06368	\$ 0.06110	\$ 0.06429	\$ 0.06524	\$ 0.06512	\$ 0.06926	\$ 0.06472
<u>Water</u>											
	Minimum Bill (0-2,000 gallons)	\$ 8.01	\$ 9.65	\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50	\$ 13.50	\$ 13.50	\$ 14.85	\$ 16.04
	Next 8,000 gallons per 1,000 gallons	3.10	3.75	4.55	4.55	4.55	4.55	5.25	5.60	6.16	6.65
	Next 40,000 gallons per 1,000 gallons	2.77	3.35	4.05	4.05	4.05	4.05	4.55	5.10	5.61	6.06
	Next 150,000 gallons per 1,000 gallons	2.29	2.75	3.20	3.20	3.20	3.20	3.75	5.10	4.57	4.94
	Next 800,000 gallons per 1,000 gallons	1.90	2.30	3.20	3.20	3.20	3.20	3.75	5.10	4.57	4.94
	Next 1,000,000 gallons per 1,000 gallons	1.56	2.30	3.20	3.20	3.20	3.20	3.75	5.10	4.57	4.94
<u>Wastewater</u>											
	Minimum Bill (0-2,000 gallons)	\$ 11.50	\$ 11.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 18.50	\$ 18.50	\$ 21.28	\$ 23.41
	Next 8,000 gallons per 1,000 gallons	4.13	4.13	5.15	5.15	5.15	5.15	6.45	7.75	8.91	9.80
	Next 40,000 gallons per 1,000 gallons	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75	8.91	9.80
	Next 50,000 gallons per 1,000 gallons	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75	8.91	9.80
	Next 4,999,900 gallons per 1,000 gallons	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75	8.91	9.80
	All over 5,000,000 gallons per 1,000 gallons	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75	8.91	9.80

Notes: Bills on all above rates are subject to certain adjustments. The above rates are net, the gross rates being 5 percent higher.

(1) Electric may change on a quarterly basis due to a pass-through fuel cost adjustment (FCA) on the energy charges from the Tennessee Valley Authority.

CITY OF OAK RIDGE, TENNESSEE
ELECTRIC, WATER AND WASTEWATER SOLD BY TYPE OF CUSTOMERS
LAST TEN FISCAL YEARS

Table 24

Fiscal Year	Electric				Water		Wastewater	
	Residential	Small Lighting and Power	Large Lighting and Power	Street and Outdoor Lighting	Residential	Commercial	Residential	Commercial
2006	13,096	1,797	339	64	11,160	1,518	10,866	1,167
2007	13,542	1,817	345	61	11,285	1,568	11,007	1,190
2008	13,556	1,787	342	60	11,313	1,561	11,032	1,176
2009	13,608	1,840	354	61	11,260	1,634	10,990	1,197
2010	13,673	1,869	367	61	11,285	1,634	11,017	1,201
2011	14,004	1,793	377	61	11,285	1,661	11,022	1,209
2012	13,901	1,814	363	61	11,244	1,677	10,978	1,219
2013	13,908	1,826	376	62	11,250	1,658	10,982	1,207
2014	13,961	1,803	393	62	11,216	1,668	10,948	1,199
2015	13,974	1,800	383	62	11,289	1,716	11,022	1,223

**CITY OF OAK RIDGE, TENNESSEE
TEN LARGEST ELECTRIC CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

Table 25

Customer	2015					2006				
	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Rank	Percentage Of Total Sales	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Rank	Percentage Of Total Sales
City of Oak Ridge	59,361	27,797,091	\$ 2,830,887	1	5.09%	57,753	31,118,623	\$ 2,076,112	1	5.43%
Energy Solutions (AKA Scientific Ecology, GTS Duratek, Manufacturing Sciences)	84,763	32,445,038	2,773,023	2	4.97%	(1)	22,049,072	1,223,924	3	3.20%
Methodist Medical Center	53,757	26,265,806	2,533,017	3	4.54%	44,369	22,107,814	1,498,563	2	3.92%
US Department of Energy	54,949	29,668,317	2,528,928	4	4.54%	17,344	8,086,211	567,627	6	1.48%
Oak Ridge Board Of Education	38,827	13,751,049	1,495,145	5	2.68%	33,559	12,833,187	962,942	5	2.52%
Centrus Energy Corp (AKA USEC Inc.)	25,160	13,533,380	1,362,849	6	2.44%	-	-	-	-	-
Oak Ridge Project LLC	29,150	14,430,000	1,356,143	7	2.43%	-	-	-	-	-
Oak Ridge Tech Ctr	19,165	7,688,616	790,263	8	1.42%	-	-	-	-	-
COORS Tek	13,145	7,052,400	681,123	9	1.22%	13,418	7,192,000	482,426	10	1.26%
Advanced Measurement	13,571	7,303,650	668,774	10	1.20%	15,495	8,569,500	547,149	8	1.43%
BWXT Y-12	-	-	-	-	-	17,814	8,152,812	558,832	7	1.46%
Rogers Group Inc.	-	-	-	-	-	24,547	4,851,528	506,478	9	1.32%
Boeing	-	-	-	-	-	(1)	22,271,938	1,177,076	4	3.08%
Total			<u>\$ 17,020,152</u>		<u>30.53%</u>			<u>\$ 9,601,129</u>		<u>25.10%</u>

Note:

(1) This customer is on the ESP program offered through the Tennessee Valley Authority.



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
American Water Works Association
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?	Click to access definition
+	Click to add a comment

Water Audit Report for: **City of Oak Ridge, Tennessee (0000522)**
Reporting Year: **2015** **7/2014 - 6/2015**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

<----- Enter grading in column 'E' and 'J' ----->					Master Meter and Supply Error Adjustments	
Volume from own sources:	+	?	8	2,857.856	MG/Yr	Pcnt: 0.09% Value: MG/Yr
Water imported:	+	?	8	9.437	MG/Yr	Pcnt: 1.00% Value: MG/Yr
Water exported:	+	?	7	1,394.662	MG/Yr	

WATER SUPPLIED: **1,483.870** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	+	?	7	1,018.730	MG/Yr
Billed unmetered:	+	?	9	0.100	MG/Yr
Unbilled metered:	+	?	n/a	0.000	MG/Yr
Unbilled unmetered:	+	?		18.548	MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: **1,037.378** MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

446.491 MG/Yr

Apparent Losses

Unauthorized consumption: **3.710** MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+	?	9	31.507	MG/Yr
Systematic data handling errors:	+	?	6	14.556	MG/Yr

Apparent Losses: **49.773** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **396.719** MG/Yr

WATER LOSSES: **446.491** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **465.040** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	7	263.0	miles
Number of <u>active AND inactive</u> service connections:	+	?	7	13,168	
Service connection density:	?			50	conn./mile main

Are customer meters typically located at the curbstop or property line? **Yes**

Average length of customer service line: **?**

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: **?** **80.0** psi

(length of service line, beyond the property boundary, that is the responsibility of the utility)

COST DATA

Total annual cost of operating water system:	+	?	7	\$7,939,393	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	8	\$7.17	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	7	\$772.08	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 74 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Water exported

3: Billed metered



AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0
American Water Works Association.
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Water Audit Report for: **City of Oak Ridge, Tennessee (0000522)**

Reporting Year: **2015** **7/2014 - 6/2015**

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 74 out of 100 ***

System Attributes:

Apparent Losses:	49.773	MG/Yr
+ Real Losses:	396.719	MG/Yr
= Water Losses:	446.491	MG/Yr

? Unavoidable Annual Real Losses (UARL): **99.22** MG/Yr

Annual cost of Apparent Losses: **\$356,871**

Annual cost of Real Losses: **\$306,299**

Valued at **Variable Production Cost**

[Return to Reporting Worksheet to change this assumption](#)

Performance Indicators:

Financial:

Non-revenue water as percent by volume of Water Supplied: **31.3%**

Non-revenue water as percent by cost of operating system: **8.5%** Real Losses valued at Variable Production Cost

Operational Efficiency:

Apparent Losses per service connection per day: **10.36** gallons/connection/day

Real Losses per service connection per day: **82.54** gallons/connection/day

Real Losses per length of main per day*: **N/A**

Real Losses per service connection per day per psi pressure: **1.03** gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): **396.72** million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: **4.00**

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor	Program Title	CFDA Number	Contract Number	Expenditures
<u>Federal Awards</u>				
<i>Direct Federal Awards</i>				
U.S. Department of Energy	Police Patrolling Services	81.502	DE-SC0004894	\$ 459,870
U.S. Department of Energy	Center for Oak Ridge Oral History	81.049	DE-SC0000033	97,501
U.S. Department of Housing and Urban Development	Community Development Block Grant (HUD)	14.218	B-13-MC-47-0010 B-14-MC-47-0010	339,817
U.S. Department of Housing and Urban Development	Economic Development Initiative	14.251	B-09-SP-TN-0160	105,825
U.S. Department of Homeland Security / FEMA	Assistance to Firefighters Grant	97.044	EMW-2012-FO-00480	951
	AFT Fire Prevention & Safety Grant	97.044	EMW-2013-FP-00429	32,300
	Total program 97.044			33,251
Environmental Protection Agency	West End Water	66.202	XP-95452410-0	63,937
	Total direct federal awards			\$ 1,100,201
<i>Pass-Through Programs</i>				
U.S. Department of Housing and Urban Development Through TN Housing Development Agency	Homeless Emergency Solution Grants	14.231	ESG-13-28	\$ 52,492
U. S. Department of Energy Through TN Department of Military	Emergency Planning and Response, Fire Department	81.214	34101-19514	16,000

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor	Program Title	CFDA Number	Contract Number	Expenditures
<u>Federal Awards (continued)</u>				
<i>Pass-Through Programs (continued)</i>				
U. S. Department of Energy Through	Tennessee Oversight Interlocal Agreement	81.502	32701-00830	29,261
TN Department of Environment & Conservation	Tennessee Oversight Interlocal Agreement	81.502	32701-01419	144,350
	Total program 81.502			173,611
U. S. Department of Transportation Through	Oak Ridge Signal Timing Optimization	20.205	01LPLM-F3-025	39,680
TN Department of Transportation	Jackson Square Townsite	20.205	01LPLM-F3-020	434,747
	Total program 20.205			474,427
National Highway Traffic Safety Administrator	Alcohol Enforcement	20.607	Z14GHS263	8,250
TN Department of Transportation	Operations Strategic Traffic Accident Reduction	20.607	Z15GHS266	18,575
	Total program 20.607			26,825
Federal Emergency Management Agency Through				
TN Emergency Management Agency	Public Assistance Grant	97.036	34101-16515	147,012
Environmental Protection Agency, Office of Water				
TN Department of Environment and Conservation	Capitalization Grants for Clean Water State Revolving Funds	66.458	CS470001XX	9,499,324
	Total indirect federal awards			\$10,389,691
	Total federal awards			\$11,489,892

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor	Program Title	CFDA Number	Contract Number	Expenditures
<u>State Financial Assistance</u>				
Tennessee Department of Agriculture	Agricultural Growth Initiative	N/A	32506-07914	\$ 1,000
Tennessee Emergency Communication Board	Adjunct Necessary Equipment Tier I/II	N/A	N/A	171,097
Tennessee Department of Environment &	Clean Tennessee Energy Grant Program	N/A	32701-01710	116,795
Tennessee Emergency Management Agency	Public Assistance Grant	N/A	34101-16515	20,985
Tennessee Department of Transportation	Operating Assistance Project	N/A	GG 14-39908-00	26,757
Tennessee Department of Transportation	Operating Assistance Project	N/A	Z-15-UROP09-00	117,313
Total state financial assistance				<u>\$ 453,947</u>
Total federal awards and state financial assistance				<u><u>\$11,943,839</u></u>

1. LOANS OUTSTANDING

At June 30, 2015, there were outstanding balances of \$10,021,740 on loans obtained through the State Revolving Loan Fund. The loans are 80% federally funded. There were no principal payments during the current fiscal year.

2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the City of Oak Ridge under programs of the federal and state governments for the year ended June 30, 2015. The schedule is presented using the modified accrual basis of accounting. The schedule excludes the Oak Ridge City Schools federal and state grant activity which is presented in a separate report.



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the City Council
City of Oak Ridge, Tennessee

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2015. Our report includes a reference to other auditors who audited the financial statements of the General Purpose School Fund, the School Federal Projects Fund, the Other Education Special Revenue Fund, the Extended School Program Fund, the Central Cafeteria Fund, the School Equipment Replacement Fund, the Oak Ridge Public Schools Education Foundation, Inc., the Scholarship Fund and the Internal School Funds, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Members of the City Council
City of Oak Ridge, Tennessee

Internal Control over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Coulter & Justus, P.C.

Knoxville, Tennessee
December 31, 2015



Report of Independent Auditors on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

Members of the City Council
City of Oak Ridge, Tennessee

Report on Compliance for Each Major Federal Program

We have audited compliance of the City of Oak Ridge, Tennessee (the City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The City's basic financial statements include the operations of the General Purpose School Fund, the School Federal Projects Fund, the Other Education Special Revenue Fund and the Central Cafeteria Fund, which received \$4,583,363 in federal awards which is not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of these funds because those funds engaged other auditors to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Members of the City Council
City of Oak Ridge, Tennessee

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purpose.

Coulter & Justus, P.C.

Knoxville, Tennessee
December 31, 2015

**CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

Section I -- Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	None reported
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements: None reported	

Federal Awards

Internal control over major programs: Material weakness(es) identified?	None reported
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	None reported

Identification of major programs:	<table><thead><tr><th><u>CFDA</u></th><th><u>Name of Program</u></th></tr></thead><tbody><tr><td>14.218</td><td>Community Development Block Grant</td></tr><tr><td>66.458</td><td>Capitalization Grants for Clean Water State Revolving Funds</td></tr><tr><td>20.205</td><td>Signal Timing Optimization / Jackson Square Townsite</td></tr><tr><td>97.036</td><td>FEMA Public Assistance Grant</td></tr></tbody></table>	<u>CFDA</u>	<u>Name of Program</u>	14.218	Community Development Block Grant	66.458	Capitalization Grants for Clean Water State Revolving Funds	20.205	Signal Timing Optimization / Jackson Square Townsite	97.036	FEMA Public Assistance Grant
<u>CFDA</u>	<u>Name of Program</u>										
14.218	Community Development Block Grant										
66.458	Capitalization Grants for Clean Water State Revolving Funds										
20.205	Signal Timing Optimization / Jackson Square Townsite										
97.036	FEMA Public Assistance Grant										
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000										
Auditee qualified as low-risk auditee?	No										

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2015

Section II -- Financial Statement Findings

None reported.

Section III -- Federal Award Findings and Questioned Costs

None reported.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2015

Section IV -- Summary Schedule of Prior Year Audit Findings

Not applicable as there were no prior year findings reported.

Section V – Corrective Action Plan

Not applicable as there were no current year findings reported.